

FINANCIAL SUMMARIES

Total Revenues and Expenditures

The summary schedules provide a high level overview of the entire Town budget in a fund-type summary as well as by fund-specific and category-specific summary levels.

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General Fund Revenues and Expenditures

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Staffing

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TOTAL BUDGETED FUND ACTIVITY SUMMARY
FY 2021/22

	Estimated Fund Balance 7/1/2021	Revenues, Prior Year Carryfwd & Transfers	Expenditures, Prior Year Carryfwd & Transfers	Estimated Fund Balance 6/30/2022	Fund Balance Change From Prior Year
<i>Operating Funds</i>					
<i>Governmental Funds</i>					
General Fund*	\$ 22,283,637	\$ 47,092,489	\$ 46,312,162	\$ 23,063,964	3.5% (1)
Housing Conservation Program Fund	177,240	-	-	177,240	0.0%
Community Dev Block Grant Fund	(10,587)	-	-	(10,587)	0.0%
Urban Run-Off Source Fund	330,564	231,323	221,044	340,843	3.1% (2)
Blackwell Assessment District Fund	13,386	3,210	11,100	5,496	-58.9% (3)
Kennedy Assessment District Fund	42,198	10,605	18,913	33,890	-19.7%
Gemini Assessment District Fund	33,814	4,750	12,723	25,841	-23.6% (3)
Santa Rosa Assessment District Fund	45,356	5,000	20,429	29,927	-34.0% (3)
Vasona Assessment District Fund	35,164	10,075	17,091	28,148	-20.0% (3)
Hillbrook Assessment District Fund	22,423	6,040	19,943	8,520	-62.0% (3)
<i>Proprietary Funds - Internal Service Funds</i>					
Liability Self-Insurance Fund	1,165,899	423,332	850,716	738,515	-36.7% (4)
Worker's Comp Self-Insurance Fund	1,063,737	1,007,620	1,782,569	288,788	-72.9% (4)
Information Technology Fund	2,713,145	914,018	843,991	2,783,172	2.6% (5)
Equipment Replacement Fund	727,473	570,957	569,271	729,159	0.2% (5)
Facilities Maintenance Fund	78,905	1,179,510	1,179,508	78,907	0.0% (3)
Total Operating Funds	\$ 28,722,354	\$ 51,458,929	\$ 51,859,460	\$ 28,321,823	-1.4%
<i>Trust Funds</i>					
Library Trust Fund	\$ 60,833	\$ 55,500	\$ 65,000	\$ 51,333	-15.6% (3)
Ness Bequest Trust Fund	21,660	-	20,755	905	-95.8% (3)
Betty McClendon Trust Fund	87,487	700	700	87,487	0.0%
Barbara J Cassin Trust Fund	357,736	2,900	2,500	358,136	0.1%
Total Trust Funds	\$ 527,716	\$ 59,100	\$ 88,955	\$ 497,861	-5.7%
<i>Capital Funds</i>					
GFAR*	\$ 14,248,123	\$ 2,328,862	\$ 4,494,604	\$ 12,082,381	-15.2%
Grant Funded CIP Projects Fund	(1,805,768)	837,883	837,883	(1,805,768)	0.0%
Storm Drain #1 Fund	1,083,991	49,670	50,000	1,083,661	0.0%
Storm Drain #2 Fund	1,936,607	53,930	50,000	1,940,537	0.2%
Storm Drain #3 Fund	(132,482)	940	75,000	(206,542)	-55.9% (3)
Traffic Mitigation Fund	348,661	10,000	10,000	348,661	0.0%
Construction Tax-Undergrounding Fund	3,158,462	52,490	-	3,210,952	1.7% (3)
Gas Tax Fund	771,711	1,401,865	1,401,865	771,711	0.0% (3)
Total Capital Projects Funds	\$ 19,609,305	\$ 4,735,640	\$ 6,919,352	\$ 17,425,593	-11.1%
<i>Successor Agency to the Los Gatos RDA Fund</i>					
SA- Trust Fund (Budgetary Fund Balance)	\$ 3,565,994	\$ 3,912,200	\$ 3,811,432	\$ 3,666,762	2.8%
Total Successor Agency of the Los Gatos RDA Fund	\$ 3,565,994	\$ 3,912,200	\$ 3,811,432	\$ 3,666,762	2.8%
TOTAL ALL FUNDS	\$ 52,425,369	\$ 60,165,869	\$ 62,679,199	\$ 49,912,039	-4.8%

* Major Funds

(1) One-time use of General Fund Capital Reserve for authorized capital projects and other priorities and anticipated ARPA funding

(2) Urban Run-off Program driven by State mandates

(3) One-time Capital Project budgeted for FY 2021/22

(4) Based on estimated claims and insurance premium activity

(5) Equipment Replacement and Information Technology Fund reflects acquisition activities for FY 2021/22

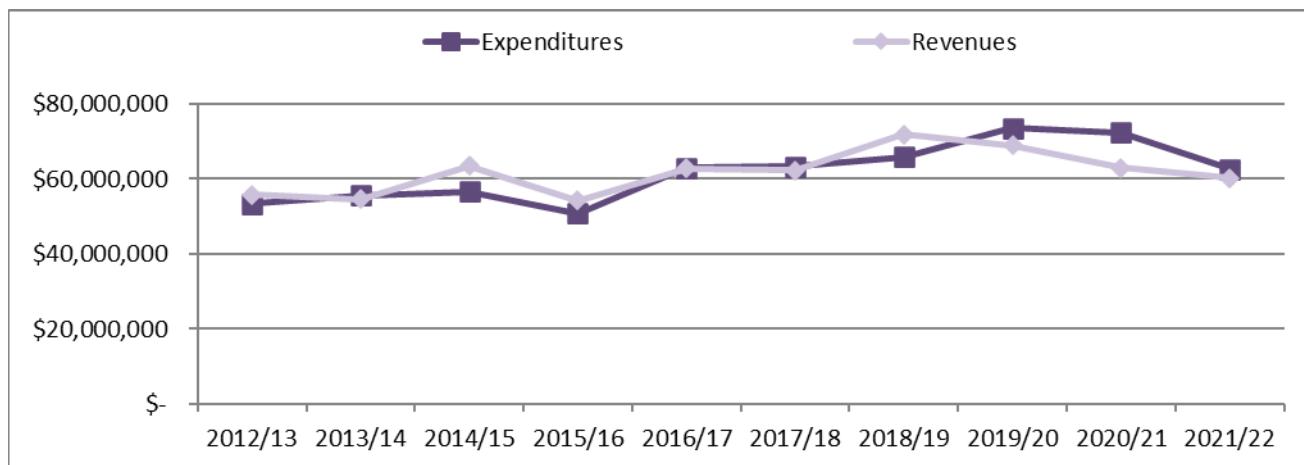
This Total Budgeted Fund Activity Summary schedule groups the Town's funds into three categories based on fund purpose:

Operating Funds - Ongoing operations are funded out of the various Operating Funds. This includes the Town's General Fund Departmental program operations, as well as special revenue activities and internal service functions.

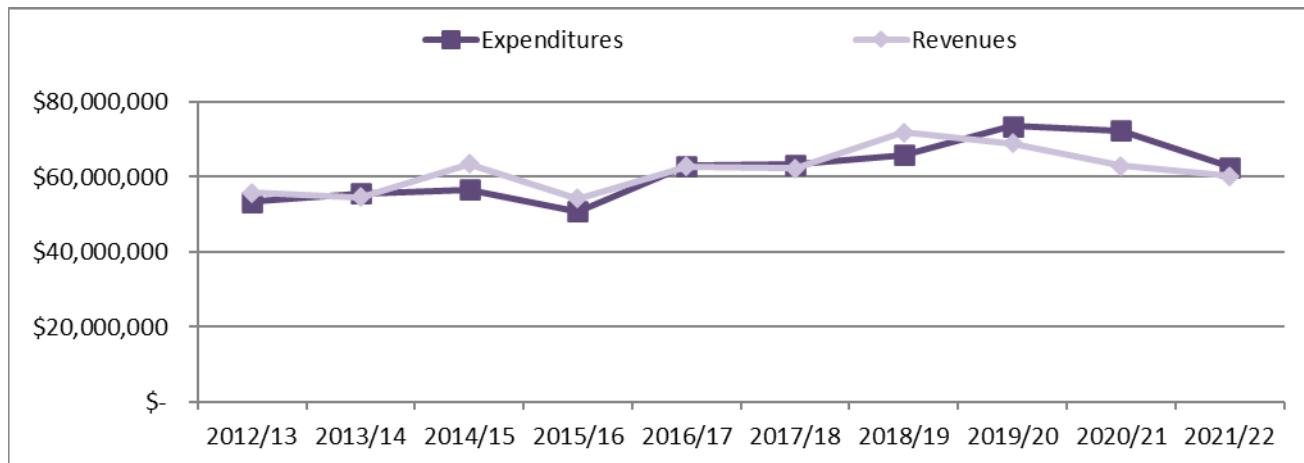
Fiduciary Funds - These funds include Trust funds and are held in a fiduciary capacity, with little variation in activity. The Library Trusts are held for special uses for the Library. RDA Successor Agency Private Purpose Trust Fund is established to account for the assets and liabilities transferred from the dissolution of the Town's former Redevelopment Agency (RDA) and the continuing operations related to the existing RDA obligations. The Successor Agency's Private Purpose Trust Fund has been incorporated into the Town's operating budget. Only those funds with activity are contained in the summary.

Capital Funds - Representing the capital improvement program activity, the Capital Funds reflect the significant progress to complete capital projects and the resulting decrease in fund balances.

TOTAL TOWN
REVENUES AND EXPENDITURES



FUND BALANCE TREND INFORMATION



Note: Expenditures and Transfers Out may exceed Revenues due to the inclusion of planned and carry-forward capital projects and payments from General Fund reserves to the Town's Pension/OPEB Trust Funds.

Year End	Reference	Revenues & Transfers In	Expenditures & Transfers Out	Designated Fund Balance
2012/13	Actuals	\$ 55,847,086	\$ 53,432,243	\$ 53,386,677
2013/14	Actuals	\$ 54,528,656	\$ 55,545,002	\$ 51,370,329
2014/15	Actuals	\$ 63,470,973	\$ 56,593,416	\$ 58,247,886
2015/16	Actuals	\$ 54,234,948	\$ 50,881,063	\$ 61,601,771
2016/17	Actuals	\$ 62,873,000	\$ 62,912,316	\$ 61,562,435
2017/18	Actuals	\$ 62,358,798	\$ 63,386,198	\$ 60,535,055
2018/19	Actuals	\$ 71,882,122	\$ 65,949,701	\$ 66,467,476
2019/20	Actuals	\$ 68,958,311	\$ 73,634,424	\$ 61,791,363
2020/21	Estimated	\$ 63,045,132	\$ 72,411,126	\$ 52,425,369
2021/22	Proposed	\$ 60,165,869	\$ 62,679,199	\$ 49,912,039

TOTAL TOWN
REVENUE, EXPENDITURE, AND FUND BALANCE TREND INFORMATION

The Town continues to focus on priority issues that involve maintaining public safety and Town infrastructure including streets and parks; and providing library, community development, and other services. These priorities are coordinated with other Core Goals that protect the Town's fiscal health and ensure cost efficient and effective delivery of Town-wide administrative services. In addition, the Town has addressed the myriad issues associated with the pandemic. Fortunately, the Town's pattern of proactive and prudent fiscal management of reducing operating expenditures, identifying revenue enhancements, and implementing operating efficiencies over the years has helped the Town weather the current public health driven economic dislocation.

The FY 2021/22 operating budget is a balanced budget primarily through the use of onetime resources from the federal government. On March 11, 2021, President Biden signed into law the American Rescue Plan Act (ARPA). The ARPA provided \$65.1 billion in direct aid to every city, town, and village across the country to help stabilize communities. While this federal relief is welcome news, going forward maintaining balanced budgets and investing in our infrastructure will require a return to pre-pandemic revenue levels and identifying new revenue sources to maintain the high level of services Los Gatos residents, businesses, and visitors expect.

The proposed Budget addresses the Council identified Strategic Priorities and considers other areas of importance to our community, the Council, and the Town organization. The proposed Budget also acknowledges the economic realities associated with the global COVID-19 pandemic and other unforeseen budgetary impacts. Several Strategic Priorities are not one-time projects, but rather are ongoing commitments due to their critical significance in ensuring the Town's fiscal and infrastructure stability and the safety and quality of life for Los Gatos residents, businesses, and visitors. These commitments include continuing to address the Town's unfunded pension and other post-employment benefits (OPEB) obligations; developing Measure B transportation projects so the Town is positioned to receive its fair share of the funds; and fostering emergency preparedness and community wildfire resilience.

In terms of capital projects, the Town Council affirmed its interest in investing in bicycle and pedestrian improvements and implementing elements of the Comprehensive Parking Study. In addition to capital projects, the Council identified new policy priorities which include engaging our senior community and implementing diversity, equity and inclusion efforts.

Other Strategic Priorities will position the Town well for its future. The Council committed to exploring new revenue opportunities. The Council continues the General Plan Update to engage the community in land use planning and policies to guide development for the next couple of decades and address environmental sustainability and climate resiliency. Other Priorities included continuing to enhance economic and community vitality. As the Town continues to emerge from the economic upheaval of the pandemic, the significance of enhancing economic and community vitality are paramount.

Specific trends affecting the fund balance forecast include:

REVENUES

The FY 2021/22 Budget incorporates the continued impacts of the COVID-19 epidemic and the subsequent economic disruption with the General Fund revenues (excluding debt payments, restricted pension trust activity, anticipated ARPA proceeds, and fund transfers in) expected to increase by \$0.7 million to \$41.3 million from prior adjusted budgeted revenues. Revenue projections for each category were based upon estimates provided to the Town by the Santa Clara County Assessor, the Town's sales tax consultant, and careful examination of revenue trends, patterns, and industry research. The net increase in overall revenues is mostly due to forecasted increases in some revenues such as property tax, sales tax, franchise fees, and transient occupancy tax. It is important to note, that while revenues are projected to increase, it is from significantly lower base amounts due to the economic disruption of the pandemic. Licenses and permit revenues are expected to decrease in FY 2021/22 and then increase gradually over time. The sales tax projections include the voter approved one-eighth general purpose sales tax dedicated to the Town of Los Gatos. Revenue collection began in April 2019.

TOTAL TOWN
REVENUE, EXPENDITURE, AND FUND BALANCE TREND INFORMATION

EXPENDITURES

Salaries and Benefits – As in most municipalities, services are provided directly by employees to the Town's residents, businesses, and visitors. As a service delivery enterprise, the cost of salaries and benefits are a significant portion of the budget. Salaries and benefits account for 51.0% of the Town's total expenditures in FY 2021/22 (and 68.7% of General Fund expenditures). The Town endeavors to balance fiscal prudence with the need to attract and retain the requisite personnel to manage a 21st century municipality. As an example, when fiscal conditions worsened during the recession of 2008, employees participated in wage freezes and unpaid furloughs for several years to assist in achieving balanced budgets. After multiple years of such concessions, the Town discontinued the furlough program in FY 2014/15 and reinstated general wage increases for both non-sworn and sworn employees. Even with unemployment at historic low levels and regional CPI above 3%, the Town and its employee bargaining groups agreed to a 2.5% across the board salary increase for all three bargaining units, management, and confidential plus a 1.5% cash bonus (non-PERSable) for non-sworn employees for FY 2018/19, a 3% increase for FY 2019/20 for all non-sworn employees and a 4% increase for sworn, and 1% across the board salary increase and 2% non-PERSable cash bonus for all three bargaining units, management, and confidential in FY 2021/22. The Town is in the process of negotiating successor agreements for all bargaining units. It should be noted that since 2000, the Town's bargaining groups have received salary increases of 51.50% (AFSME), 56.00% (TEA), 56.00% (Confidential), 61.25% (POA), 46.00% (Management), respectively. This compares to inflation in the San Francisco Statistical Area of 66.84% over the same time period.

The Town of Los Gatos provides a defined benefit pension plan for all full-time employees and some part-time benefitted employees as part of their total compensation package. Defined benefit plans provide a fixed, pre-established benefit payment for employees in retirement based on a formula which takes into account an employee's years of service and highest average annual salary. The defined benefit pension has been a standard part of compensation in governmental organizations and in Los Gatos is in lieu of participating in Social Security. The Town's pension plans are administered by the Board of Administration of the California Public Employees' Retirement System (CalPERS). The Board of Administration is responsible for the management and control of CalPERS, including the exclusive control of the administration and investment of funds. Sworn employees are covered under the Safety Plan which is a pooled plan, while all other employees are covered in the Miscellaneous Plan, which is a separate Plan. The Miscellaneous Plan is administered by CalPERS in the Public Employees' Retirement Fund (PERF). In addition, the Town Council has established an Internal Revenue Code Section 115 Pension Trust as a supplement to the PERF fund. The Town's IRS 115 Pension Trust is administered by the Town Pension and OPEB Trusts Oversight Committee.

The Town also provides a retiree healthcare benefit for all eligible employees. The healthcare plan pays all, or a portion of, health insurance premiums for qualified retirees and their survivors and dependents. Retiree healthcare benefits are also referred to as Other Post-Employment Benefits or OPEB. The Town's healthcare plan is an Internal Revenue Code Section 115 Trust which is administered by the Town Pension and OPEB Trusts Oversight Committee. The Oversight Committee is responsible for the management and control of the healthcare assets. As a result of collaboration with the Town's Bargaining Units during FY 2018/19, all units agreed to the elimination of retiree health benefits prospectively with the exception of the minimum employer contribution as required by the Public Employees' Medical and Hospital Care Act (PEMHCA). The PEMHCA minimum represents a significant reduction from the previous Town paid discretionary retiree payments. As a closed retiree medical plan, over time the Town will see significant cost savings from this negotiated change. In addition, employees contribute a share of dependent premiums to assist with cost-containment.

Pension contributions are a portion of the Town's budget, as the Town is obligated to contribute a mandatory amount established by the California Public Employees Retirement System (CalPERS) as a percent of salary. Town employees contribute a percentage of their salary towards their pension in what is referred to as the normal cost. The normal cost is the annual cost of service accrual for active employees and can be viewed as the cost of benefits earned by employees in the current year. The second source of normal cost funding is provided by employer normal cost contributions. The employer normal cost rates for all cities/towns in CalPERS are established annually by CalPERS. These rates are the minimum contractual obligations the Town must pay. It should be noted, that the

TOTAL TOWN
REVENUE, EXPENDITURE, AND FUND BALANCE TREND INFORMATION

normal cost calculation assumes all actuarial assumptions will be met going forward. In the event the plans experience unfavorable economic or demographic assumptions, an unfunded actuarial liability (UAL) may occur. The cost associated with an unfunded liability is borne solely by the employer. The development of a UAL typically results from unfavorable investment returns, changes in actuarial assumptions, unfavorable demographic shifts, and other experiences that differ from those anticipated by the annual actuarial assumptions. According to the 2019 actuarial valuations, the unfunded actuarial liability for pensions was \$57.2 million and \$9.1 million for OPEB as of June 30, 2020.

The Town's pension plans over the past several decades, like all other CalPERS participants, have experienced unfavorable investment returns, changes in actuarial assumptions, and unfavorable demographic shifts which have outweighed any positive plan experiences. As such, the Town's employer pension contributions are expected to continue to increase. The Town's employer contribution rate will increase from 58.98% in FY 2020/21 to 62.94% in FY 2021/22 for classic sworn employees. For all other employees, the rate will decrease from 34.23% in FY 2020/21 to 33.54% in FY 2020/21. The Public Employees' Pension Reform Act (PEPRA), effective January 1, 2013, implemented lower pension tiers for employees who are new to the PERS pension system. While this does not provide immediate cost savings, it is anticipated to reduce future benefit expenditures in the next 10 to 15 years. Employer contribution rates will decrease from 15.95% in FY 2020/21 to 15.74% in FY 2021/22 for PEPRA sworn employees.

The Town prudently recognized the potential impacts to future service delivery if unfunded pension and OPEB obligations were not addressed and additional funding strategies not identified. To address the escalation in pension costs, current and previous Councils have allocated additional discretionary pension funding totaling \$10,400,000. These additional discretionary payments will ultimately yield an approximate \$12,700,000 in pension contribution savings. In addition to the management of the Town's pension obligations, prior Councils have worked to curb cost escalation in Other Post-Employment Benefits (OPEB). In 2009, the Town initiated prefunding of the retiree healthcare benefit and has since established approximately \$23.5 million in OPEB assets from zero in 2009.

For more information about the pension and other benefits offered to Town employees, see:
<https://www.losgatosca.gov/44/Human-Resources>. For more information about the Towns Pension and OPEB plans please see:<https://www.losgatosca.gov/2479/Town-Pension-and-OPEB-Plans-Information>

Other Cost Drivers – A significant cost driver for the Town is energy costs, including fuel for safety and maintenance vehicles, water for parks and landscaping, natural gas and electricity to heat and cool buildings, and lighting for street lights, parking lots, and Town facilities. The Town has taken steps to ensure water conservation and recently made energy retrofits to improve efficiency in Town facilities and reduce costs. Fuel costs can be reduced by utilizing electric and/or hybrid vehicles, and installing electric vehicle charging stations throughout the Town. Staff will continue to explore energy alternatives to reduce costs.

TOTAL TOWN
REVENUES AND EXPENDITURES

GENERAL FUND

	2017/18	2018/19	2019/20	2020/21	2021/22
	Actuals	Actuals	Actuals	Estimated	Proposed
REVENUES					
Property Tax	\$ 12,510,822	\$ 13,636,099	\$ 14,454,513	\$ 14,652,355	\$ 15,710,152
VLF Backfill	3,447,584	3,685,247	3,875,914	4,053,000	4,154,320
Sales & Use Tax	7,592,206	8,158,152	7,531,425	7,135,131	8,177,859
Franchise Fees	2,474,814	2,475,916	2,495,792	2,521,970	2,597,630
Transient Occupancy Tax	2,628,927	2,692,043	1,869,685	707,723	920,040
Other Taxes	1,686,251	1,526,894	1,357,080	1,300,000	1,250,000
Licenses & Permits	3,011,309	3,067,994	2,696,457	2,912,257	2,641,779
Intergovernmental	1,010,166	945,191	1,104,075	4,257,997	3,881,836
Town Services	4,630,893	4,640,804	4,447,213	3,900,311	3,860,490
Internal Srvc Reimbursement	-	-	-	-	-
Fines & Forfeitures	676,212	510,266	271,117	102,332	203,450
Interest	244,762	1,689,575	2,266,134	597,371	441,233
Other Sources	3,397,720	7,292,833	1,381,187	1,545,409	720,498
Debt Service Reimbursement	1,914,739	1,909,073	1,905,024	1,908,494	1,899,850
Transfers In	544,836	1,578,911	599,669	609,492	633,352
TOTAL REVENUES	\$ 45,771,241	\$ 53,808,998	\$ 46,255,285	\$ 46,203,842	\$ 47,092,489
EXPENDITURES					
Salaries & Benefits	\$ 23,574,425	\$ 26,803,225	\$ 28,933,568	\$ 30,892,559	\$ 31,748,291
Operating Expenditures	9,457,424	11,955,327	13,397,031	14,083,222	8,905,832
Grants & Awards	194,808	248,533	274,249	576,000	541,382
Fixed Assets	-	38,307	138,384	2,365	-
Interest	-	-	-	13,003	-
Internal Service Charges	3,867,445	2,527,470	2,188,211	2,378,580	2,666,807
Capital Projects	-	-	-	-	-
Capital Acquisitions	-	-	-	-	-
Debt Service	1,914,739	1,909,073	1,905,024	1,908,494	1,899,850
Transfers Out	3,484,330	2,785,220	8,053,847	3,401,479	550,000
TOTAL EXPENDITURES	\$ 42,493,171	\$ 46,267,155	\$ 54,890,314	\$ 53,255,702	\$ 46,312,162
Net Increase (Decrease)	3,278,070	7,541,843	(8,635,029)	(7,051,860)	780,327
Beginning Fund Balance	27,150,613	30,428,683	37,970,526	29,335,497	22,283,637
Ending Fund Balance*	\$ 30,428,683	\$ 37,970,526	\$ 29,335,497	\$ 22,283,637	\$ 23,063,964

* Year End Fund Balance represents General Fund 111 (Long Term Compensated Absences were accounted in Fund 961 prior to FY 2018/19, Pension Trust Fund 731 was incorporated in FY 2018/19).

TOTAL TOWN
REVENUES AND EXPENDITURES

SPECIAL REVENUE FUNDS

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Estimated	2021/22 Proposed
REVENUES					
Property Tax	\$ 174	\$ -	\$ 29	\$ -	\$ -
VLF Backfill	- -	- -	- -	- -	- -
Sales & Use Tax	- -	- -	- -	- -	- -
Franchise Fees	- -	- -	- -	- -	- -
Transient Occupancy Tax	- -	- -	- -	- -	- -
Other Taxes	34,400	38,088	38,012	38,220	38,220
Licenses & Permits	231,323	236,451	231,323	231,323	231,323
Intergovernmental	903	- -	- -	- -	- -
Town Services	345,365	345,280	- -	- -	- -
Internal Srvc Reimbursement	- -	- -	- -	- -	- -
Fines & Forfeitures	- -	- -	- -	- -	- -
Interest	2,416	3,550	3,562	1,460	1,460
Other Sources	- -	134,621	- -	29,528	- -
Debt Service Reimbursement	- -	- -	- -	- -	- -
Transfers In	- -	- -	10,000	- -	- -
TOTAL REVENUES	\$ 614,581	\$ 757,990	\$ 282,926	\$ 300,531	\$ 271,003
EXPENDITURES					
Salaries & Benefits	\$ 135,347	\$ 143,545	\$ 134,311	\$ 135,204	\$ 185,992
Operating Expenditures	405,064	509,551	55,002	62,451	63,209
Grants & Awards	- -	- -	- -	- -	- -
Fixed Assets	6,870	- -	25,079	- -	62,500
Interest	- -	- -	- -	- -	- -
Internal Service Charges	6,895	2,410	3,019	3,236	4,623
Capital Projects	- -	- -	- -	- -	- -
Capital Acquisitions	- -	- -	- -	- -	- -
Debt Service	- -	- -	- -	- -	- -
Transfers Out	4,920	4,920	4,920	4,920	4,920
TOTAL EXPENDITURES	\$ 559,096	\$ 660,426	\$ 222,331	\$ 205,811	\$ 321,244
Net Increase (Decrease)	55,485	97,564	60,595	94,720	(50,241)
Beginning Fund Balance	381,194	436,679	534,243	594,838	689,558
Ending Fund Balance*	\$ 436,679	\$ 534,243	\$ 594,838	\$ 689,558	\$ 639,317

TOTAL TOWN
REVENUES AND EXPENDITURES

INTERNAL SERVICE FUNDS

	2017/18	2018/19	2019/20	2020/21	2021/22
	Actuals	Actuals	Actuals	Estimated	Proposed
REVENUES					
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -
VLF Backfill	- -	- -	- -	- -	- -
Sales & Use Tax	- -	- -	- -	- -	- -
Franchise Fees	- -	- -	- -	- -	- -
Transient Occupancy Tax	- -	- -	- -	- -	- -
Other Taxes	31,838	28,390	34,437	40,000	40,000
Licenses & Permits	- -	- -	- -	- -	- -
Intergovernmental	- -	- -	- -	- -	261,382
Town Services	161,595	148,284	115,314	85,000	85,000
Internal Srvc Reimbursement	4,880,836	3,529,840	3,094,669	3,348,173	3,679,055
Fines & Forfeitures	- -	- -	- -	- -	- -
Interest	5 8	8 7	7 -	- -	- -
Other Sources	585,934	2,993,443	762,404	519,377	30,000
CIP Proj Reimbursement	- -	- -	- -	- -	- -
Transfers In	703,371	450,000	1,061,256	- -	- -
TOTAL REVENUES	\$ 6,363,579	\$ 7,149,965	\$ 5,068,087	\$ 3,992,550	\$ 4,095,437
EXPENDITURES					
Salaries & Benefits	\$ 1,585,148	\$ -	\$ -	\$ -	\$ -
Operating Expenditures	3,593,992	3,544,783	3,779,285	4,286,617	4,656,784
Grants & Awards	- -	- -	- -	- -	- -
Fixed Assets	620,915	601,961	644,366	1,607,593	474,455
Interest	- -	- -	- -	- -	- -
Internal Service Charges	- -	- -	- -	1,963	- -
Capital Projects	- -	- -	- -	- -	- -
Capital Acquisitions	- -	- -	- -	- -	- -
Debt Service	- -	- -	- -	- -	- -
Transfers Out	- -	1,390,375	1,367,797	78,298	94,816
TOTAL EXPENDITURES	\$ 5,800,055	\$ 5,537,119	\$ 5,791,448	\$ 5,974,471	\$ 5,226,055
Net Increase (Decrease)	563,524	1,612,846	(723,361)	(1,981,921)	(1,130,618)
Beginning Fund Balance	6,278,070	6,841,594	8,454,440	7,731,079	5,749,158
Ending Fund Balance	\$ 6,841,594	\$ 8,454,440	\$ 7,731,079	\$ 5,749,158	\$ 4,618,540

TOTAL TOWN
REVENUES AND EXPENDITURES

LIBRARY TRUST FUNDS

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Estimated	2021/22 Proposed
REVENUES					
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -
VLF Backfill	-	-	-	-	-
Sales & Use Tax	-	-	-	-	-
Franchise Fees	-	-	-	-	-
Transient Occupancy Tax	-	-	-	-	-
Other Taxes	-	-	-	-	-
Licenses & Permits	-	-	-	-	-
Intergovernmental	-	-	-	-	35,000
Town Services	-	-	-	-	-
Internal Srvc Reimbursement	-	-	-	-	-
Fines & Forfeitures	-	-	-	-	-
Interest	6,724	10,135	9,617	4,100	4,100
Other Sources	74,315	82,213	61,809	60,000	20,000
CIP Proj Reimbursement	-	-	-	-	-
Transfers In	-	-	-	-	-
TOTAL REVENUES	\$ 81,039	\$ 92,348	\$ 71,426	\$ 64,100	\$ 59,100
EXPENDITURES					
Salaries & Benefits	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenditures	77,252	69,029	82,626	63,200	68,200
Grants & Awards	-	-	-	-	-
Fixed Assets	-	21,048	-	-	20,755
Interest	-	-	-	-	-
Internal Service Charges	-	-	-	-	-
Capital Projects	-	-	-	-	-
Capital Acquisitions	-	-	-	-	-
Debt Service	-	-	-	-	-
Transfers Out	-	-	-	-	-
TOTAL EXPENDITURES	\$ 77,252	\$ 90,077	\$ 82,626	\$ 63,200	\$ 88,955
Net Increase (Decrease)	3,787	2,271	(11,200)	900	(29,855)
Beginning Fund Balance	531,957	535,744	538,015	526,815	527,715
Ending Fund Balance	\$ 535,744	\$ 538,015	\$ 526,815	\$ 527,715	\$ 497,860

TOTAL TOWN
REVENUES AND EXPENDITURES

CAPITAL PROJECT FUNDS

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Estimated	2021/22 Proposed
REVENUES					
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -
VLF Backfill	-	-	-	-	-
Sales & Use Tax	-	-	-	-	-
Franchise Fees	-	-	-	-	-
Transient Occupancy Tax	-	-	-	-	-
Other Taxes	31,838	28,390	34,437	40,000	30,000
Licenses & Permits	1,381,590	844,064	1,153,364	849,790	998,176
Intergovernmental	1,306,153	1,641,511	3,161,010	1,574,191	3,091,663
Town Services	-	52,094	223,318	284,623	-
Internal Srvc Reimbursement	-	-	-	-	-
Fines & Forfeitures	-	-	-	-	-
Interest	93,198	127,251	158,756	35,540	35,801
Other Sources	181,503	784,085	325,608	2,471,998	30,000
CIP Proj Reimbursement	-	-	-	-	-
SCC RPTTF Reimbursement	-	-	-	-	-
Transfers In	2,638,224	2,685,220	8,325,591	3,401,479	550,000
TOTAL REVENUES	\$ 5,632,506	\$ 6,162,615	\$ 13,382,084	\$ 8,657,621	\$ 4,735,640
EXPENDITURES					
Salaries & Benefits	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenditures	892	-	-	-	-
Grants & Awards	-	-	-	-	-
Fixed Assets	-	-	-	-	-
Interest	-	-	-	-	-
Internal Service Charges	-	-	-	-	-
Capital Projects	10,041,532	8,987,510	7,907,339	8,556,898	6,385,736
Capital Acquisitions	-	-	-	-	-
Debt Service	-	-	-	-	-
Transfers Out	631,616	533,616	569,952	526,275	533,616
TOTAL EXPENDITURES	\$ 10,674,040	\$ 9,521,126	\$ 8,477,291	\$ 9,083,173	\$ 6,919,352
Net Increase (Decrease)	(5,041,534)	(3,358,511)	4,904,793	(425,552)	(2,183,712)
Beginning Fund Balance	23,530,108	18,488,574	15,130,063	20,034,856	19,609,304
Ending Fund Balance	\$ 18,488,574	\$ 15,130,063	\$ 20,034,856	\$ 19,609,304	\$ 17,425,592

TOTAL TOWN
REVENUES AND EXPENDITURES

SUCCESSOR AGENCY TO THE TOWN OF LOS GATOS RDA

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Estimated	2021/22 Proposed
REVENUES					
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -
VLF Backfill	-	-	-	-	-
Sales & Use Tax	-	-	-	-	-
Franchise Fees	-	-	-	-	-
Transient Occupancy Tax	-	-	-	-	-
Other Taxes	-	-	-	-	-
Licenses & Permits	-	-	-	-	-
Intergovernmental	1,958,325	1,945,763	1,949,284	1,917,494	1,908,850
Town Services	-	-	-	-	-
Internal Srvc Reimbursement	-	-	-	-	-
Fines & Forfeitures	-	-	-	-	-
Interest	22,788	43,706	32,531	500	3,500
Other Sources	-	11,664	11,664	-	-
CIP Proj Reimbursement	1,914,739	1,909,073	1,905,024	1,908,494	1,999,850
SCC RPTTF Reimbursement	-	-	-	-	-
Transfers In	-	-	-	-	-
TOTAL REVENUES	\$ 3,895,852	\$ 3,910,206	\$ 3,898,503	\$ 3,826,488	\$ 3,912,200
EXPENDITURES					
Salaries & Benefits	\$ 1,385	\$ 1,555	\$ 1,654	\$ 1,756	\$ 1,706
Operating Expenditures	5,270	111,712	110,337	10,020	10,020
Grants & Awards	-	-	-	-	-
Fixed Assets	-	-	-	-	-
Interest	756,482	823,734	1,195,635	1,250,000	1,300,000
Internal Service Charges	58	9	5	5	5
Capital Projects	-	-	-	-	-
Capital Acquisitions	-	-	-	-	-
Debt Service	3,013,089	2,936,788	2,862,783	2,566,988	2,499,700
Transfers Out	6,300	-	-	-	-
TOTAL EXPENDITURES	\$ 3,782,584	\$ 3,873,798	\$ 4,170,414	\$ 3,828,769	\$ 3,811,431
Net Increase (Decrease)	113,268	36,408	(271,911)	(2,281)	100,769
Beginning Fund Balance	3,690,511	3,803,779	3,840,187	3,568,276	3,565,995
Ending Fund Balance	\$ 3,803,779	\$ 3,840,187	\$ 3,568,276	\$ 3,565,995	\$ 3,666,764

TOTAL TOWN
REVENUES AND EXPENDITURES

TOTAL ALL FUNDS

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Estimated	2021/22 Proposed
REVENUES					
Property Tax	\$ 12,510,996	\$ 13,636,099	\$ 14,454,542	\$ 14,652,355	\$ 15,710,152
VLF Backfill	3,447,584	3,685,247	3,875,914	4,053,000	4,154,320
Sales & Use Tax	7,592,206	8,158,152	7,531,425	7,135,131	8,177,859
Franchise Fees	2,474,814	2,475,916	2,495,792	2,521,970	2,597,630
Transient Occupancy Tax	2,628,927	2,692,043	1,869,685	707,723	920,040
Other Taxes	1,784,327	1,621,762	1,463,966	1,418,220	1,358,220
Licenses & Permits	4,624,222	4,148,509	4,081,144	3,993,370	3,871,278
Intergovernmental	4,275,547	4,532,465	6,214,369	7,749,682	9,178,731
Town Services	5,137,853	5,186,462	4,785,845	4,269,934	3,945,490
Internal Srvc Reimbursement	4,880,836	3,529,840	3,094,669	3,348,173	3,679,055
Fines & Forfeitures	676,212	510,266	271,117	102,332	203,450
Interest	369,893	1,874,225	2,470,607	638,971	486,094
Other Sources	4,239,472	11,298,859	2,542,672	4,626,312	800,498
CIP Proj Reimbursement	3,829,478	3,818,146	3,810,048	3,816,988	3,899,700
SCC RPTTF Reimbursement	-	-	-	-	-
Transfers In	3,886,431	4,714,131	9,996,516	4,010,971	1,183,352
TOTAL REVENUES	\$ 62,358,798	\$ 71,882,122	\$ 68,958,311	\$ 63,045,132	\$ 60,165,869
EXPENDITURES					
Salaries & Benefits	\$ 25,296,305	\$ 26,948,325	\$ 29,069,533	\$ 31,029,519	\$ 31,935,989
Operating Expenditures	13,539,894	16,190,402	17,424,281	18,505,510	13,704,045
Grants & Awards	194,808	248,533	274,249	576,000	541,382
Fixed Assets	627,785	661,316	807,829	1,609,958	557,710
Interest	756,482	823,734	1,195,635	1,263,003	1,300,000
Internal Service Charges	3,874,398	2,529,889	2,191,235	2,383,784	2,671,435
Capital Projects	10,041,532	8,987,510	7,907,339	8,556,898	6,385,736
Capital Acquisitions	-	-	-	-	-
Debt Service	4,927,828	4,845,861	4,767,807	4,475,482	4,399,550
Transfers Out	4,127,166	4,714,131	9,996,516	4,010,972	1,183,352
TOTAL EXPENDITURES	\$ 63,386,198	\$ 65,949,701	\$ 73,634,424	\$ 72,411,126	\$ 62,679,199
Net Increase (Decrease)	(1,027,400)	5,932,421	(4,676,113)	(9,365,994)	(2,513,330)
Beginning Fund Balance	61,562,455	60,535,055	66,467,476	61,791,363	52,425,369
Ending Fund Balance	\$ 60,535,055	\$ 66,467,476	\$ 61,791,363	\$ 52,425,369	\$ 49,912,039

Note: Expenditures and Transfers Out may exceed Revenues due to the inclusion of planned and carry-forward capital projects and payments from General Fund reserves to the Town Pension and OPEB Trusts.

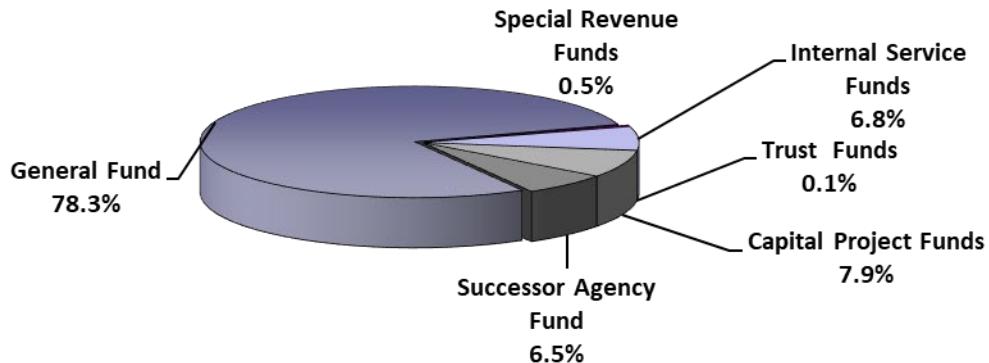
TOTAL TOWN REVENUES

By FUND

(Includes Transfers In)

Fund	Fund Name	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Adjusted	2020/21 Estimated	2021/22 Proposed	Change from PY
General Fund								
111	General Fund	\$ 45,771,240	\$ 53,808,998	\$ 46,255,285	\$ 44,386,334	\$ 46,203,842	\$ 47,092,489	6.1%
Special Revenue Funds								
211	Housing Conservation Program	-	-	-	-	-	-	0.0%
212	Community Dev Block Grant	-	-	-	-	-	-	0.0%
222	Urban Run-Off Source Fund	577,592	716,352	241,323	231,323	260,851	231,323	0.0%
231	Blackwell Assessment District	3,311	3,389	3,389	3,210	3,210	3,210	0.0%
232	Kennedy Assessment District	7,982	10,912	10,926	10,605	10,605	10,605	0.0%
233	Gemini Assessment District	4,544	5,077	5,109	4,750	4,750	4,750	0.0%
234	Santa Rosa Assessment District	5,402	5,354	5,299	5,000	5,000	5,000	0.0%
235	Vasona Assessment District	9,612	10,634	10,693	10,075	10,075	10,075	0.0%
236	Hillbrook Assessment District	6,138	6,272	6,187	6,040	6,040	6,040	0.0%
Internal Service Funds								
611	Liability Self-Insurance	506,519	657,152	378,133	453,135	376,531	423,332	-6.6%
612	Worker's Comp Self-Insurance	1,135,141	1,492,981	2,491,249	1,185,906	1,164,389	1,007,620	-15.0%
621	Information Technology	1,177,826	1,223,741	881,936	917,219	911,333	914,018	-0.3%
622	Office Stores Fund	127,786	141,938	-	-	-	-	0.0%
631	Equipment Replacement	1,070,616	1,082,492	236,083	297,546	391,541	570,957	91.9%
632	Facilities Maintenance	586,654	764,407	-	-	-	-	0.0%
633	Vehicle Maintenance	1,759,036	1,787,255	1,080,686	1,181,757	1,148,757	1,179,510	-0.2%
Trust Funds								
711	Library Trust	75,039	83,840	63,388	26,000	60,500	55,500	113.5%
712	Library History Project	-	-	-	-	-	-	0.0%
713	Ness Trust Bequest	516	736	368	-	-	-	0.0%
714	Betty McClendon Trust	1,079	1,495	1,487	700	700	700	0.0%
716	Barbara J Cassin Trust	4,404	6,277	6,182	2,900	2,900	2,900	0.0%
Capital Projects Funds								
411	GFAR	3,477,800	4,314,346	11,326,970	8,102,270	6,205,327	2,328,862	-71.3%
421	Grant Funded CIP Projects	261,534	257,968	396,335	6,658,041	140,352	837,883	-87.4%
461	Storm Drain #1	13,996	123,039	112,105	49,470	49,470	49,670	0.4%
462	Storm Drain #2	752,689	47,774	62,569	53,490	83,490	53,930	0.8%
463	Storm Drain #3	40,564	1,447	(1,955)	1,380	(620)	940	-31.9%
471	Traffic Mitigation	151,452	118,787	136,639	1,795,438	883,794	10,000	-99.4%
472	Construction Tax-Undergrounding	68,868	81,701	87,489	3,863,048	62,490	52,490	-98.6%
481	Gas Tax	865,606	1,217,552	1,261,933	1,233,317	1,233,317	1,401,865	13.7%
Successor Agency to the Los Gatos RDA Fund								
942	SA - Recognized Obligation Retirement	3,895,852	3,910,206	3,898,503	3,829,488	3,826,488	3,912,200	2.2%
TOTAL Fund Rev & Transfers In		\$ 62,358,798	\$ 71,882,122	\$ 68,958,311	\$ 74,308,442	\$ 63,045,132	\$ 60,165,869	-19.0%

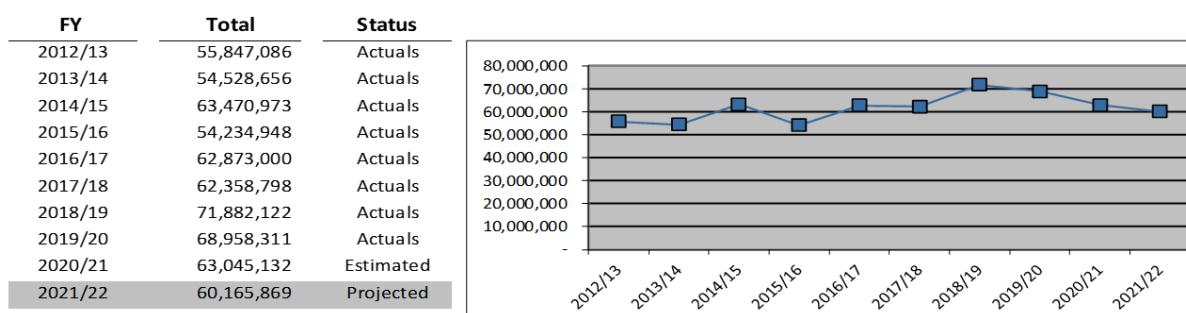
TOTAL TOWN REVENUES BY FUND



	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Adjusted	2020/21 Estimated	2021/22 Proposed	% of Total
General Fund	\$ 45,771,240	\$ 53,808,998	\$ 46,255,285	\$ 44,386,334	\$ 46,203,842	\$ 47,092,489	78.3%
Special Revenue Funds	614,581	757,990	282,926	271,003	300,531	271,003	0.5%
Internal Service Funds	6,363,578	7,149,966	5,068,087	4,035,563	3,992,551	4,095,437	6.8%
Trust Funds	81,038	92,348	71,425	29,600	64,100	59,100	0.1%
Capital Project Funds	5,632,509	6,162,614	13,382,085	21,756,454	8,657,620	4,735,640	7.9%
Successor Agency Fund	3,895,852	3,910,206	3,898,503	3,829,488	3,826,488	3,912,200	6.5%
Total Rev & Transfers In	\$ 62,358,798	\$ 71,882,122	\$ 68,958,311	\$ 74,308,442	\$ 63,045,132	\$ 60,165,869	100.0%

TOWN REVENUE HISTORICAL TREND

(Includes Transfers In)



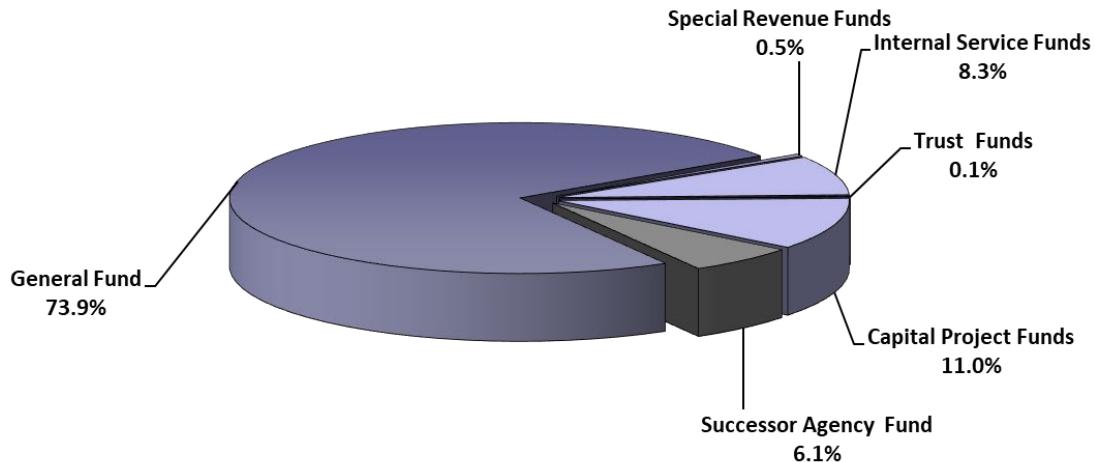
TOTAL TOWN EXPENDITURES

By FUND

(Includes Transfers Out)

Fund	Fund Name	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Adjusted	2020/21 Estimated	2021/22 Proposed	Change from PY
General Fund								
111	General Fund	\$ 42,493,171	\$ 46,267,156	\$ 54,890,314	\$ 53,824,658	\$ 53,255,702	\$ 46,312,162	-14.0%
Special Revenue Funds								
211	Housing Conservation Program	-	-	-	-	-	-	0.0%
212	Community Dev Block Grant	-	-	-	-	-	-	0.0%
222	Urban Run-Off Source Fund	521,147	628,240	162,838	205,850	168,222	221,044	7.4%
231	Blackwell Assessment District	2,536	2,604	3,101	3,407	3,600	11,100	225.8%
232	Kennedy Assessment District	14,846	8,220	8,457	8,913	8,803	18,913	112.2%
233	Gemini Assessment District	2,244	2,244	2,244	2,544	2,723	12,723	400.1%
234	Santa Rosa Assessment District	9,172	9,172	9,172	9,472	10,429	20,429	115.7%
235	Vasona Assessment District	5,586	5,576	32,746	8,644	7,091	17,091	97.7%
236	Hillbrook Assessment District	3,565	4,370	3,772	4,757	4,943	19,943	319.2%
Internal Service Funds								
611	Liability Self-Insurance	397,190	338,617	400,823	703,059	501,246	850,716	21.0%
612	Worker's Comp Self-Insurance	1,416,722	1,270,628	1,525,589	1,900,050	1,909,392	1,782,569	-6.2%
621	Information Technology	1,267,349	867,082	796,201	1,070,891	802,391	843,991	-21.2%
622	Office Stores Fund	100,432	369,729	-	-	-	-	0.0%
631	Equipment Replacement	636,400	601,961	1,119,833	1,556,121	1,589,121	569,271	-63.4%
632	Facilities Maintenance	506,234	1,027,197	-	-	-	-	0.0%
633	Vehicle Maintenance	1,475,728	1,061,905	1,949,003	1,261,692	1,172,321	1,179,508	-6.5%
Trust Funds								
711	Library Trust	71,265	69,029	72,637	25,000	60,000	65,000	160.0%
713	Ness Trust Bequest	-	21,048	-	20,755	-	20,755	0.0%
714	Betty McClendon Trust	5,986	-	-	700	700	700	0.0%
716	Barbara J Cassin Trust	-	-	9,989	2,500	2,500	2,500	0.0%
721	Parking District #88	-	-	-	-	-	-	0.0%
Capital Projects Funds								
411	GFAR	9,556,483	7,970,424	5,984,879	18,199,345	5,818,286	4,494,604	-75.3%
421	Grant Funded CIP Projects	15,394	379,494	484,403	6,983,825	1,602,415	837,883	-88.0%
461	Storm Drain #1	-	-	10,000	150,000	-	50,000	-66.7%
462	Storm Drain #2	18,700	-	10,000	150,000	-	50,000	-66.7%
463	Storm Drain #3	107,992	29,700	21,000	185,058	4,500	75,000	-59.5%
471	Traffic Mitigation	119,507	74,626	92,626	1,795,438	883,794	10,000	-99.4%
472	Construction Tax-Undergrounding	-	-	49,000	6,836,204	22,201	-	-100.0%
481	Gas Tax	855,965	1,066,881	1,825,384	1,397,952	751,976	1,401,865	0.3%
Successor Agency to the Los Gatos RDA Fund								
942	SA- Trust Fund	3,782,584	3,873,798	4,170,413	3,828,791	3,828,770	3,811,432	
TOTAL Fund Exp & Transfers Out		\$ 63,386,198	\$ 65,949,701	\$ 73,634,424	\$ 100,135,626	\$ 72,411,126	\$ 62,679,199	-37.4%

TOTAL TOWN EXPENDITURES BY FUND

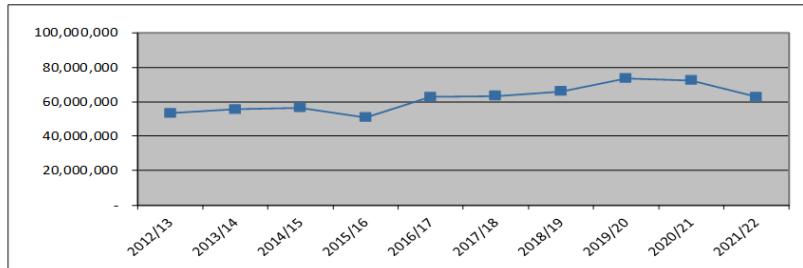


	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Adjusted	2020/21 Estimated	2021/22 Proposed	% of Total
General Fund	\$ 42,493,171	\$ 46,267,156	\$ 54,890,314	\$ 53,824,658	\$ 53,255,702	\$ 46,312,162	73.9%
Special Revenue Funds	559,096	660,426	222,330	243,587	205,811	321,243	0.5%
Internal Service Funds	5,800,055	5,537,119	5,791,449	6,491,813	5,974,471	5,226,055	8.3%
Trust Funds	77,251	90,077	82,626	48,955	63,200	88,955	0.1%
Capital Project Funds	10,674,041	9,521,125	8,477,292	35,697,822	9,083,172	6,919,352	11.0%
Successor Agency Fund	3,782,584	3,873,798	4,170,413	3,828,791	3,828,770	3,811,432	6.1%
Total Exp & Transfers Out	\$ 63,386,198	\$ 65,949,701	\$ 73,634,424	\$ 100,135,626	\$ 72,411,126	\$ 62,679,199	100.0%

TOWN EXPENDITURE HISTORICAL TREND

(Includes Transfers Out)

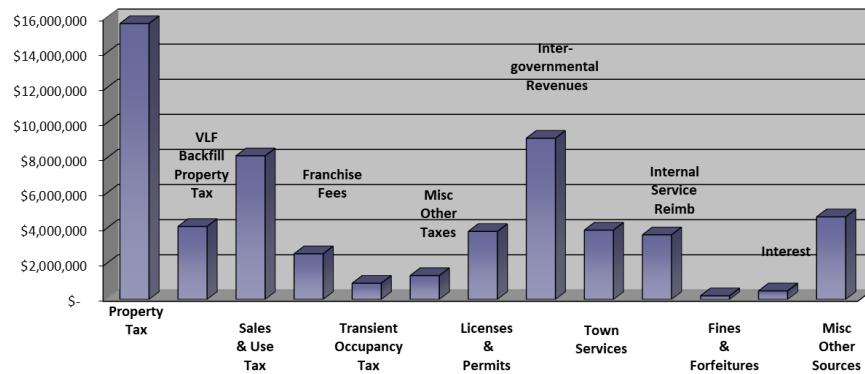
FY	Total	Status
2012/13	\$ 53,432,243	Actuals
2013/14	\$ 55,545,002	Actuals
2014/15	\$ 56,593,416	Actuals
2015/16	\$ 50,881,063	Actuals
2016/17	\$ 62,912,316	Actuals
2017/18	\$ 63,386,198	Actuals
2018/19	\$ 65,949,701	Actuals
2019/20	\$ 73,634,424	Estimated
2020/21	\$ 72,411,126	Estimated
2021/22	\$ 62,679,199	Projected



TOTAL TOWN REVENUES

By CATEGORY

FY 2021/22 Revenues



Revenues	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Adjusted	2020/21 Estimated	2021/22 Proposed	% of Total
Property Tax	\$ 12,510,996	\$ 13,636,099	\$ 14,454,542	\$ 13,949,123	\$ 14,652,355	\$ 15,710,152	26.1%
VLF Backfill Property Tax	3,447,584	3,685,247	3,875,914	4,053,000	4,053,000	4,154,320	6.9%
Sales & Use Tax	7,592,206	8,158,152	7,531,425	7,662,900	7,135,131	8,177,859	13.6%
Franchise Fees	2,474,814	2,475,916	2,495,792	2,532,289	2,521,970	2,597,630	4.3%
Transient Occupancy Tax	2,628,927	2,692,043	1,869,685	707,723	707,723	920,040	1.5%
Miscellaneous Other Taxes	1,784,327	1,621,762	1,463,966	1,208,220	1,418,220	1,358,220	2.3%
Licenses & Permits	4,624,222	4,148,509	4,081,143	4,112,225	3,993,370	3,871,278	6.4%
Intergovernmental Revenues	4,275,547	4,532,466	6,214,369	16,406,133	7,749,682	9,178,731	15.3%
Town Services	5,137,853	5,186,462	4,785,845	4,827,968	4,269,934	3,945,490	6.6%
Internal Service Reimbursements	4,880,836	3,529,840	3,094,669	3,361,181	3,348,173	3,679,055	6.1%
Fines & Forfeitures	676,212	510,266	271,117	94,950	102,332	203,450	0.3%
Interest	369,892	1,874,224	2,470,608	671,009	638,971	486,094	0.8%
Miscellaneous Other Sources	8,068,951	15,117,005	6,352,720	10,635,409	8,443,300	4,700,198	7.8%
Total Revenues	\$ 58,472,367	\$ 67,167,991	\$ 58,961,795	\$ 70,222,130	\$ 59,034,161	\$ 58,982,517	
Plus Transfers In	3,886,431	4,714,131	9,996,516	4,086,313	4,010,971	1,183,352	2.0%
Total Revenues & Other Sources	\$ 62,358,798	\$ 71,882,122	\$ 68,958,311	\$ 74,308,443	\$ 63,045,132	\$ 60,165,869	100%

Total Budgeted Revenues (exclusive of Transfers In) have decreased from the prior year, as the Town is expected to experience revenue growth in some of the key economically sensitive revenue categories of Property Tax, VLF Backfill, Franchise Fees, and Intergovernmental Revenues.

Key revenue highlights include:

Property Tax – Property Tax revenues are still projected to increase by 12.6% compared to the prior adjusted budget as property tax collection is based on the January 2021 assessment roll for FY 2021/22.

Sales and Use Tax – While the Town only receives 1.125 cents of the 9.125 cents of sales tax paid per dollar of taxable sales generated in Town, Sales and Use Tax remains one of the General Fund's largest revenue sources. The FY 2021/22 budget reflects \$8.2 million in sales tax revenue which is a 6.7% increase from prior year adjusted budget. Prior year estimates reflect the continued effect of the pandemic and the County shelter-in-place (SIP) order in response to the COVID-19 emergency.

Licenses and Permits – FY 2021/22 Licenses and Permits reflect a 7.1% decrease reflecting anticipated declines in permitting activity.

Intergovernmental Revenues – Increases in intergovernmental revenues are due to changes in available grant and the American Recovery Act funding.

TOTAL TOWN REVENUES By CATEGORY

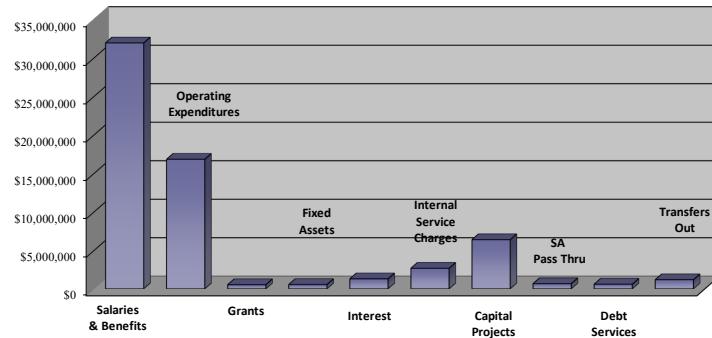
Transient Occupancy Tax – Transient Occupancy Tax (TOT) is expected to increase by 30% from FY 2020/21 adjusted budget. During FY 2020/21 TOT has experienced the most significant percentage decline relative to the adopted budget and Town Council approved a 69% decrease to the budget. In addition to the initial Shelter-in-Place (SIP) and Stay-at-Home restrictions instituted on March 17, 2020, on November 28, 2020, Santa Clara County issued new mandatory directives which included that hotels and other lodging facilities will be open only for essential travel and for use to facilitate isolation or quarantine. Unlike sales tax forecasts which predict an acceleration of revenues tied to pent up consumer demand, the Town’s TOT revenue has historically been primarily driven by business travel. Given the uncertainty around physical business travel resuming at prior levels, as opposed to a continuation of remote work and online meeting forums, staff is recommending modest growth for base case development of the FY 2021/22 budget.

Other Sources – This revenue reflects lease reimbursement revenue received from the Successor Agency to the Los Gatos Redevelopment Agency for 2002 and 2010 Certificates of Participation (COPs) debt service payments for the bond issues.

TOTAL TOWN EXPENDITURES

By CATEGORY

FY 2021/22 Expenditures



Expenditures	2017/18	2018/19	2019/20	2020/21	2020/21	2021/22	% of Total
	Actuals	Actuals	Actuals	Adjusted	Estimated	Proposed	
Salaries and Benefits	\$ 25,296,305	\$ 26,948,324	\$ 29,069,532	\$ 31,783,720	\$ 31,029,519	\$ 31,935,989	51.0%
Operating Expenditures	16,354,841	18,844,565	20,372,090	22,299,445	21,590,205	16,827,244	26.8%
Grants	194,808	248,533	274,249	245,000	576,000	541,382	0.9%
Fixed Assets	627,785	661,315	807,829	1,562,349	1,609,958	557,710	0.9%
Interest	756,482	823,734	1,195,635	1,250,000	1,263,003	1,300,000	2.1%
Internal Service Charges	3,874,398	2,529,890	2,191,235	2,360,276	2,383,784	2,671,435	4.3%
Capital Projects	10,041,532	8,987,510	7,907,341	35,164,207	8,556,898	6,385,737	10.2%
Successor Agency Pass Thru	1,014,531	1,163,984	862,238	725,825	732,293	676,500	1.1%
Debt Services	1,098,350	1,027,715	957,759	658,494	658,494	599,850	1.0%
Total Expenditures	\$ 59,259,032	\$ 61,235,570	\$ 63,637,908	\$ 96,049,316	\$ 68,400,154	\$ 61,495,847	
Transfers Out	4,127,166	4,714,131	9,996,516	4,086,313	4,010,972	1,183,352	1.9%
Total Uses of Funds	\$ 63,386,198	\$ 65,949,701	\$ 73,634,424	\$ 100,135,629	\$ 72,411,126	\$ 62,679,199	100%

Total Budgeted Expenditures (exclusive of Transfers Out) include budgeted Capital Improvements, which can vary significantly from year to year. Net of Capital Projects and payment to CalPERS, total expenditures reflect a 36.0% decrease for FY 2021/22 compared to the prior adjusted budget numbers. Prior year adjusted budget numbers includes capital project carryforwards. Expenditures of note include:

Salaries and Benefits – The FY 2021/22 budget reflects an 0.5% increase in salaries compared to prior year adjusted budget and a 9.8% increase from the FY 2019/20 actuals. Increases are attributed to increased CalPERS and medical benefits rates and anticipated merit step increases. Staffing modifications include reclassification of a Deputy Town Attorney position to a Legal Administrative Assistant position, an Associate Engineer position to a Senior Civil Engineer position, and an Equipment Mechanic position to a Supervising Equipment Mechanic position to better align current service delivery within the existing budget. Staff also proposes one-time temporary hours within the Town Manager's Office, Human Resources, Information Technology, Community Development, Police, and Parks and Public Works Departments.

Fixed Assets – Budgeted fixed asset costs stem primarily from scheduled vehicle and equipment replacements. The variance in expenditures from year to year does not impact current year charges to the Departments, only the actual cash out to replace the asset.

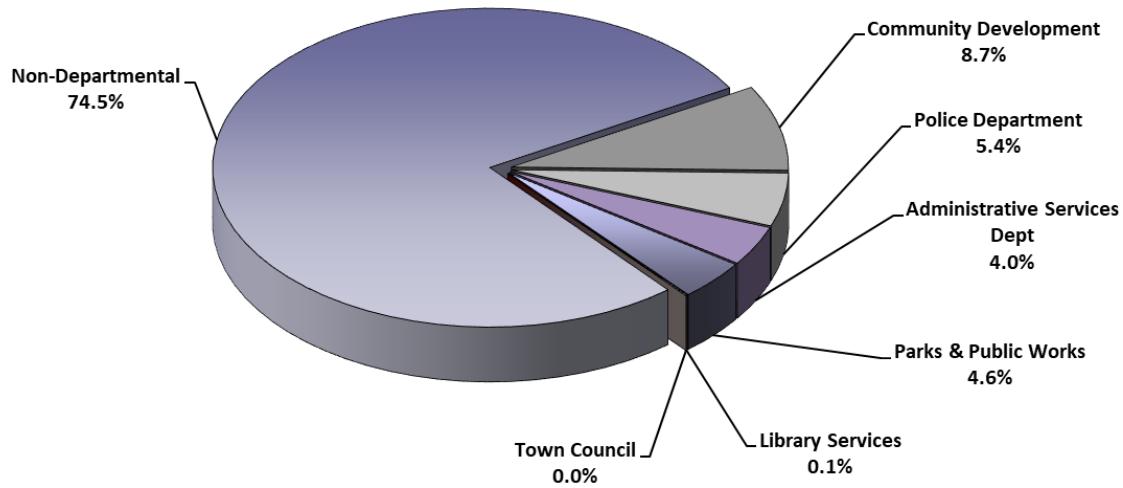
Internal Service Charges – These expenditures represent the service program costs charged back to the operational programs for Liability Insurance, Information Technology, Vehicle Replacement, and Building Maintenance services. The FY 2021/22 budget reflects an increase in the Internal Service Charges reflecting scheduled replacements.

TOTAL TOWN EXPENDITURES

By CATEGORY

Debt Service – Debt service charges reflect the Redevelopment Agency's two outstanding Certificates of Participation (2002 and 2010) through a leasing expenditure and reimbursement revenue which nets to zero for the Town, while Successor Agency (SA) to the Los Gatos Redevelopment Agency funds provide the actual debt payment for the bond issues. The SA reimburses the General Fund for the debt service payment. The 1992 COP for Parking Lot #4 was paid in full in early FY 2012/13.

GENERAL FUND REVENUES BY DEPARTMENT



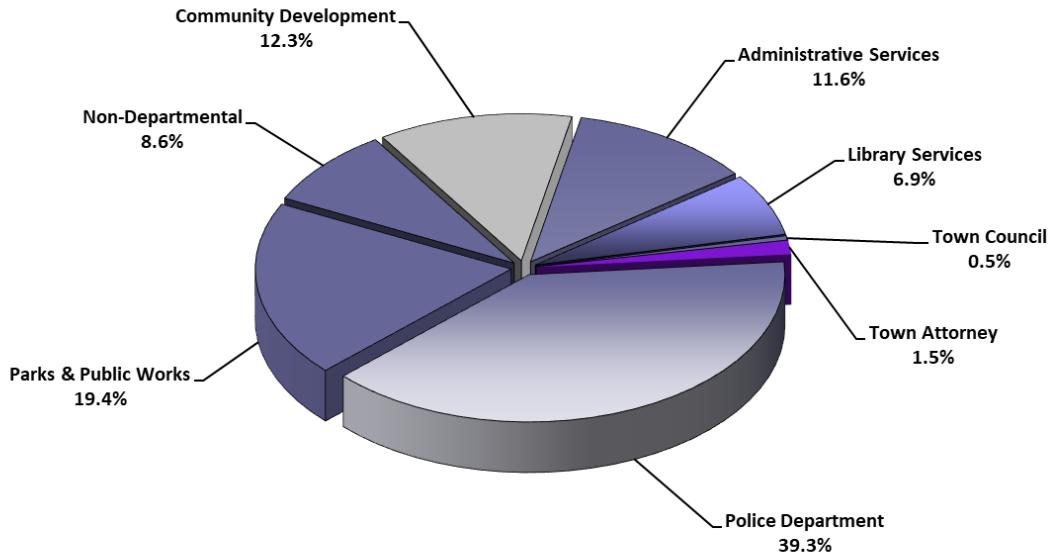
FY 2021/22 Departmental Revenues

Departments	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Adjusted	2020/21 Estimated	2021/22 Proposed	% of Total
Town Council	\$ 730	\$ 1,527	\$ 2,509	\$ -	\$ 31,175	\$ -	0.0%
Non-Departmental	28,988,473	34,475,646	30,578,565	30,407,640	33,488,814	34,353,623	77.8%
Administrative Services*	1,946,533	3,172,019	3,714,199	1,804,873	1,984,963	1,777,233	4.0%
Community Development	3,835,046	4,203,611	3,345,105	4,376,970	4,339,174	3,826,899	8.7%
Police Department	2,769,309	2,556,445	2,543,720	2,213,333	2,037,163	2,380,847	5.4%
Parks & Public Works	3,530,073	2,760,825	2,814,634	1,747,010	1,758,274	1,793,685	4.1%
Library Services	71,902	56,958	62,428	49,022	46,293	37,000	0.1%
Total General Fund Revenues	\$ 41,142,066	\$ 47,227,031	\$ 43,061,160	\$ 40,598,848	\$ 43,685,856	\$ 44,169,287	100%
Town Debt Payments	\$ 1,914,739	\$ 1,909,073	\$ 1,905,024	\$ 1,908,494	\$ 1,908,494	\$ 1,899,850	
Pension Trust**	-	5,022,848	689,432	1,262,158	-	390,000	
Compensated Absences**	2,169,600	(1,928,865)	-	-	-	-	
Transfers In	544,836	1,578,911	599,669	616,834	609,492	633,352	
Net Operating Revenues	\$ 45,771,241	\$ 53,808,998	\$ 46,255,285	\$ 44,386,334	\$ 46,203,842	\$ 47,092,489	

*The Town Manager's Office, Human Resources, Finance, Clerk Administration, and Information Technology Programs are all accounted for within the Administrative Services Department.

** Previously expensed transfers were returned to be included in the General Fund.

GENERAL FUND EXPENDITURES BY DEPARTMENT



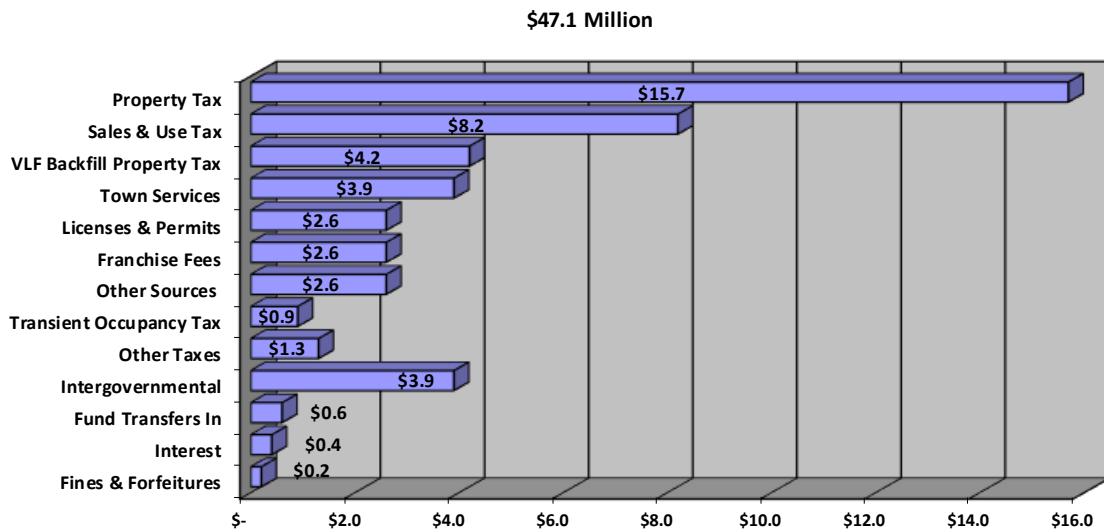
FY 2021/22 Departmental Expenditures

Departments	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Adjusted	2020/21 Estimated	2021/22 Proposed	% of Total
Police Department	\$ 14,423,554	\$ 14,948,952	\$ 15,895,008	\$ 17,452,539	\$ 17,274,220	\$ 17,239,483	39.3%
Parks & Public Works	7,099,527	7,969,631	8,168,040	8,200,370	7,866,603	8,494,628	19.4%
Non-Departmental	5,109,456	6,875,761	3,505,097	8,100,868	8,416,324	3,767,009	8.6%
Community Development	4,192,165	4,577,495	4,473,790	5,605,215	5,276,713	5,395,866	12.3%
Administrative Services*	3,193,995	3,931,807	4,388,762	4,995,847	4,718,987	5,087,204	11.6%
Library Services	2,529,017	2,493,617	2,700,802	2,957,531	2,852,778	3,016,395	6.9%
Town Council	192,183	205,903	206,163	243,486	207,335	201,499	0.5%
Town Attorney	354,205	562,542	559,010	658,831	619,766	660,228	1.5%
Total General Fund Exp	\$ 37,094,102	\$ 41,565,708	\$ 39,896,672	\$ 48,214,687	\$ 47,232,726	\$ 43,862,312	100%
Town Debt Payments	\$ 1,914,739	\$ 1,909,073	\$ 1,905,024	\$ 1,908,494	\$ 1,921,497	\$ 1,899,850	
Pension Trust**	-	7,155	5,034,771	300,000	700,000	-	
Compensated Absences**	240,735	-	-	-	-	-	
Transfers Out	3,484,330	2,785,220	8,053,847	3,401,479	3,401,479	550,000	
Net Operating Expenditures	\$ 42,493,171	\$ 46,267,156	\$ 54,890,314	\$ 53,824,660	\$ 53,255,702	\$ 46,312,162	

* The Town Manager's Office, Human Resources, Finance, Clerk Administrator, and Information Technology Programs are all accounted for within the Administrative Services Department.

** Pension Trust and Compensated absences are incorporated in the General Fund.

GENERAL FUND REVENUES BY CATEGORY



Revenue Category	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Adjusted	2020/21 Estimated	2021/22 Proposed	% of Total
Property Tax	\$ 12,510,822	\$ 13,636,099	\$ 14,454,513	\$ 13,949,123	\$ 14,652,355	\$ 15,710,152	33.4%
VLF Backfill Property Tax	3,447,584	3,685,247	3,875,914	4,053,000	4,053,000	4,154,320	8.8%
Sales & Use Tax	7,592,206	8,158,152	7,531,425	7,662,900	7,135,131	8,177,859	17.4%
Franchise Fees	2,474,814	2,475,916	2,495,792	2,532,289	2,521,970	2,597,630	5.5%
Transient Occupancy Tax	2,628,927	2,692,043	1,869,685	707,723	707,723	920,040	2.0%
Other Taxes	1,686,251	1,526,894	1,357,080	1,100,000	1,300,000	1,250,000	2.7%
Licenses & Permits	3,011,309	3,067,994	2,696,457	2,911,898	2,912,257	2,641,779	5.6%
Intergovernmental	1,010,166	945,191	1,104,075	1,456,773	4,257,997	3,881,836	8.2%
Town Services	4,630,893	4,640,804	4,447,213	4,006,639	3,900,311	3,860,490	8.2%
Fines & Forfeitures	676,212	510,266	271,117	94,950	102,332	203,450	0.4%
Interest	244,762	1,689,575	2,266,134	626,409	597,371	441,233	0.9%
Other Sources	5,312,459	9,201,906	3,286,211	4,667,796	3,453,903	2,620,348	5.6%
Total Revenues	\$ 45,226,405	\$ 52,230,087	\$ 45,655,616	\$ 43,769,500	\$ 45,594,350	\$ 46,459,137	
Transfers In:	\$ 544,836	\$ 1,578,911	\$ 599,669	\$ 616,834	\$ 609,492	\$ 633,352	1.3%
Total Revenues & Transfers In	\$ 45,771,241	\$ 53,808,998	\$ 46,255,285	\$ 44,386,334	\$ 46,203,842	\$ 47,092,489	100%

FY 2021/22 General Fund revenues and fund transfers are estimated to increase by 6.1% from the FY 2020/21 adjusted budget and an 8.6% increase from FY 2019/20 actuals. The Town's operations are funded through a variety of revenue sources as depicted above. Revenues were estimated by trend analysis and historical data as explained below:

Sales and Use Tax – While the Town only receives 1.125 cents of the 9.125 cents of sales tax paid per dollar of taxable sales generated in Town, Sales and Use Tax remains one of the General Fund's largest revenue sources. The FY 2021/22 budget reflects \$8.2 million in sales tax revenue which is 6.7% from prior year adjusted budget. Prior year estimates reflect the continued effect of the pandemic and the County shelter-in-place (SIP) order in response to the COVID-19 emergency.

Property Tax – Property Tax revenues are still projected to increase by 12.6% compared to the prior adjusted budget as property tax collection is based on the January 2021 assessment roll for FY 2021/22 projected by the Santa Clara County Assessor's Office. The Town receives 9.3 cents of each property tax dollar paid by property owners. The remaining 90.7 cents of each dollar is distributed to several other taxing jurisdictions, including local schools,

GENERAL FUND REVENUES By CATEGORY

community college districts, the County of Santa Clara, Santa Clara County Central Fire Protection District, and other special districts that serve the community.

Town Services – Charges for Town Services decreased by 3.6% reflecting the slowing of land use development and construction projects.

Licenses & Permits – Licenses and Permits decreased by 9.3% based on current and anticipated slowing building activities.

Intergovernmental Revenues – Intergovernmental revenues reflect a 166.5% increase anticipation of the ARPA grant proceeds.

Franchise Fees – Compared to the prior fiscal year, Franchise Fees, including cable television, electric utility and solid waste, have increased by 2.6%. The increase is based on an analysis of current year collection trends.

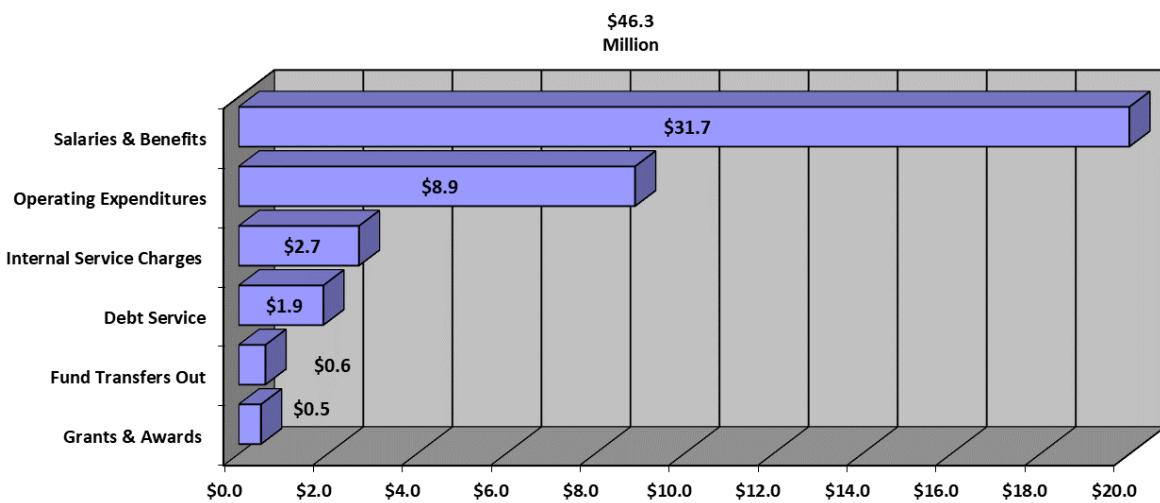
Transient Occupancy Tax – Transient Occupancy Tax (TOT) is expected to increase by 30% from FY 2020/21 adjusted budget. During FY 2020/21 TOT has experienced the most significant percentage decline relative to the adopted budget and Town Council approved a 69% decrease to the budget. In addition to the initial Shelter-in-Place (SIP) and Stay-at-Home restrictions instituted on March 17, 2020, on November 28, 2020, Santa Clara County issued new mandatory directives which included that hotels and other lodging facilities will be open only for essential travel and for use to facilitate isolation or quarantine. Unlike sales tax forecasts which predict an acceleration of revenues tied to pent up consumer demand, the Town's TOT revenue has historically been primarily driven by business travel. Given the uncertainty around physical business travel resuming at prior levels, as opposed to a continuation of remote work and online meeting forums, staff is recommending modest growth for base case development of the FY 2021/22 budget.

Fines and Forfeitures – Fines and Forfeitures include library and traffic fines and administrative citations which are expected to increase by 114%, restoring prior Shelter in Place parking violation enforcement.

Transfers In –Transfers in increased by 2.7% compared to the prior year budget, reflecting an utilization of a previously saved equipment replacement collection in FY 2021/11.

Other Sources – Other sources includes the Town “Pass Through” programs and restricted pension trust fund activities.

GENERAL FUND EXPENDITURES BY CATEGORY



Expenditure Category	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Adjusted	2020/21 Estimated	2021/22 Proposed	% of Total
Salaries & Benefits	\$ 23,574,425	\$ 26,803,225	\$ 28,933,568	\$ 31,610,959	\$ 30,892,559	\$ 31,748,291	68.7%
Operating Expenditures	9,457,424	11,955,327	13,397,031	14,302,893	14,083,222	8,905,832	19.2%
Fixed Assets	-	38,307	138,384	-	2,365	-	0.0%
Grants & Awards	194,808	248,533	274,249	245,000	576,000	541,382	1.2%
Debt Service	1,914,739	1,909,073	1,905,024	1,908,494	1,921,497	1,899,850	4.1%
Internal Service Charges	3,867,445	2,527,470	2,188,211	2,355,834	2,378,580	2,666,807	5.7%
Total Expenditures	\$ 39,008,841	\$ 43,481,935	\$ 46,836,467	\$ 50,423,180	\$ 49,854,223	\$ 45,762,162	
Transfers Out	\$ 3,484,330	\$ 2,785,220	\$ 8,053,847	\$ 3,401,479	\$ 3,401,479	\$ 550,000	1.2%
Total Exp & Transfers Out	\$ 42,493,171	\$ 46,267,155	\$ 54,890,314	\$ 53,824,659	\$ 53,255,702	\$ 46,312,162	100.0%

The FY 2021/22 General Fund Operating Budget (net of transfers out) represents a 3% decrease compared to the net FY 2020/21 adjusted operating expenditures budget (net of transfers out, payment to CalPERS totaling \$4.5M).

Salaries & Benefits – The delivery of Town services is highly dependent on talented staff which comprises 68.7% of budgeted General Fund expenditures for FY 2021/22. The FY 2021/22 budget reflects an increase in salaries related to merit increases, employee promotions, and benefits costs attributed to increased CalPERS and medical benefits rates.

Operating Expenditures – The FY 2021/22 operating expenditures decreased when compared to the FY 2020/21 adjusted budget. The prior year adjusted budgeted expenditures included a \$4.5 million payment to CalPERS. Town-wide efforts continue to emphasize the importance of containing operating costs while maintaining core services; however, factors such as escalating energy costs and general cost increases have offset many departmental reductions.

Grants & Awards – The Town provides General Fund grants and awards to local nonprofit organizations for a variety of human, art, special events and educational services. FY 2021/22 grants and awards reflect anticipated ARPA proceeds toward non-profits and businesses.

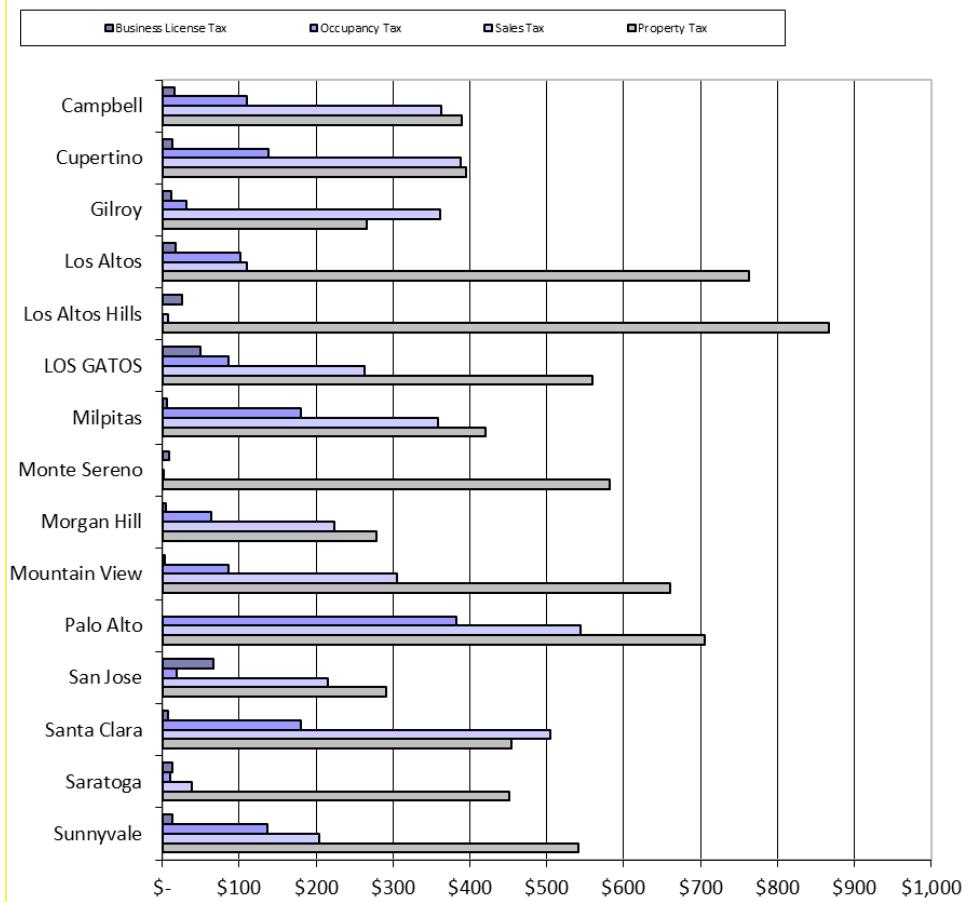
Internal Service Charges – These expenditures represent the service program costs charged back to the operational programs for Liability Insurance, Information Technology, Vehicle Replacement, and Building Maintenance services.

GENERAL FUND EXPENDITURES BY CATEGORY

Debt Service – The Town facilitates the Successor Agency (SA) to the Los Gatos Redevelopment Agency's two Certificates of Participation (COPs) through a leasing expense and reimbursement revenue which nets to zero for the Town, while SA funds provide the actual debt payment for the bond issues.

Transfers Out – The General Fund Transfers Out include \$550,000 to the Capital Projects Fund.

GENERAL FUND TAX REVENUES
CITIES OF SANTA CLARA COUNTY – TAX REVENUES PER CAPITA
(LATEST DATA AVAILABLE AT THE TIME OF PUBLICATION)



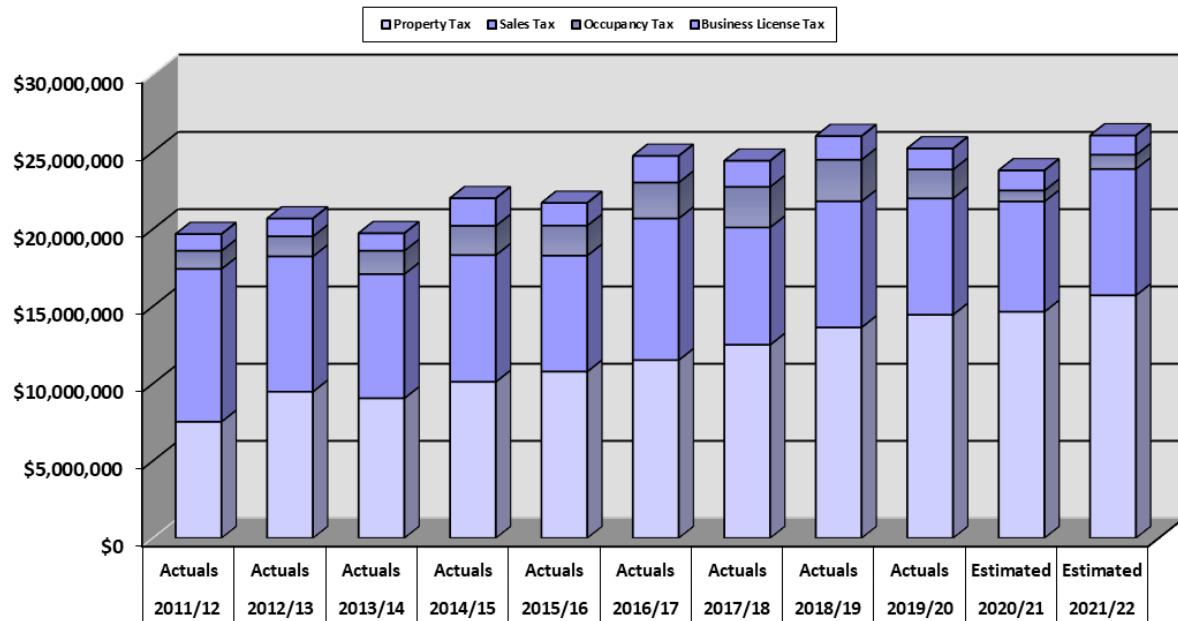
FY 2018/19 Actual Tax Revenue Amounts and Per Capita

Cities	Population	Property Tax		Sales Tax		Occupancy Tax		Business License Tax	
		Amount	Per Capita	Amount	Per Capita	Amount	Per Capita	Amount	Per Capita
Campbell	43,250	\$ 16,877,568	390	\$ 15,684,222	\$ 363	\$ 4,768,870	\$ 110	\$ 693,263	\$ 16
Cupertino	64,127	25,301,094	395	24,901,779	388	8,901,337	139	876,601	14
Gilroy	55,928	14,848,765	265	20,186,105	361	1,771,882	32	693,758	12
Los Altos	31,190	23,791,531	763	3,427,203	110	3,166,067	102	540,262	17
Los Altos Hills	8,785	7,621,614	868	65,926	8	-	-	220,888	25
LOS GATOS	30,988	17,321,347	559	8,158,162	263	2,692,044	87	1,526,894	49
Milpitas	80,430	33,811,009	420	28,889,785	359	14,502,735	180	500,339	6
Monte Sereno	3,500	2,038,501	582	1,743	0	-	-	33,580	10
Morgan Hill	45,742	12,761,577	279	10,247,494	224	2,893,113	63	201,762	4
Mountain View	81,992	54,183,866	661	25,057,747	306	7,050,530	86	230,981	3
Palo Alto	67,082	47,329,394	706	36,507,728	544	25,648,696	382	-	-
San Jose	1,051,316	306,222,332	291	226,336,942	215	19,530,772	19	70,673,106	67
Santa Clara	128,717	58,501,737	454	65,036,080	505	23,228,956	180	928,545	7
Saratoga	31,407	14,166,177	451	1,207,471	38	347,605	11	424,854	14
Sunnyvale	155,567	84,211,809	541	31,862,256	205	21,192,146	136	1,957,738	13
Average	125,335	\$ 47,932,555	\$ 382	\$ 33,171,376	\$ 265	\$ 9,046,317	\$ 72	\$ 5,300,171	\$ 42

Source: Cities of Santa Clara County

GENERAL FUND TAX REVENUES

BUDGET WITH 10 YEAR HISTORY



Fiscal Year		Property Tax	Sales Tax	Occupancy Tax	Business License Tax	Sum of Key Revenues	Change from Prior Year
2011/12	Actuals	\$ 7,532,073	\$ 9,889,100	\$ 1,174,485	\$ 1,077,320	\$ 19,672,978	8.8%
2012/13	Actuals	\$ 9,477,043	\$ 8,757,428	\$ 1,295,887	\$ 1,151,579	\$ 20,681,937	5.1%
2013/14	Actuals	\$ 9,054,908	\$ 8,029,571	\$ 1,512,846	\$ 1,130,020	\$ 19,727,345	(4.6%)
2014/15	Actuals	\$ 10,113,287	\$ 8,202,678	\$ 1,896,721	\$ 1,779,407	\$ 21,992,093	11.5%
2015/16	Actuals	\$ 10,779,434	\$ 7,501,175	\$ 1,943,166	\$ 1,465,546	\$ 21,689,321	(1.4%)
2016/17	Actuals	\$ 11,518,257	\$ 9,171,373	\$ 2,322,910	\$ 1,720,980	\$ 24,733,520	14.0%
2017/18	Actuals	\$ 12,510,822	\$ 7,592,206	\$ 2,628,927	\$ 1,686,251	\$ 24,418,206	(1.3%)
2018/19	Actuals	\$ 13,636,099	\$ 8,158,152	\$ 2,692,043	\$ 1,526,894	\$ 26,013,188	6.5%
2019/20	Actuals	\$ 14,454,513	\$ 7,531,425	\$ 1,869,685	\$ 1,357,080	\$ 25,212,703	(3.1%)
2020/21	Estimated	\$ 14,652,355	\$ 7,135,131	\$ 707,723	\$ 1,300,000	\$ 23,795,209	(5.6%)
2021/22	Estimated	\$ 15,710,152	\$ 8,177,859	\$ 920,040	\$ 1,250,000	\$ 26,058,051	9.5%

GENERAL FUND
FY 2021/22 ESTIMATED FUND BALANCE ACTIVITY

Use of / Addition to GF Reserves:	Estimated July 1, 2021 Balance	Revenues & Transfers In	Expenditures and Transfers Out	Fund Balance Sources (Uses)	Estimated June 30, 2022 Balance
<i>Unreserved Fund Balances</i>					
Undesignated Reserves	\$ -	\$ -	\$ -	\$ -	\$ -
Available to be Appropriated	-	44,248,174	46,312,162	2,063,988	-
<i>Restricted Fund Balances</i>					
Pension	-	-	-	390,000	390,000
<i>Committed to:</i>					
Budget Stabilization Reserve	5,439,276			-	5,439,276
Catastrophic Reserves	5,439,276				5,439,276
Pension/OPEB Reserve	-	-	-	-	-
<i>Assigned to:</i>					
Open Space Reserve	410,000			-	410,000
Sustainability	140,553			-	140,553
Capital/Special Projects	4,593,825			(550,000)	4,043,825
Compensated Absences*	1,539,408			-	1,539,408
Market Fluctuations	1,218,732	-	-	-	1,218,732
Surplus Property Reserve	1,200,000	-	-	-	1,200,000
American Rescue Act	1,121,405	2,844,315	-	(1,903,988)	2,061,732
Total Use of and Addition To Reserves	\$ 22,283,637	\$ 47,092,489	\$ 46,312,162	\$ -	\$ 23,063,964

The balances are estimates and will be finalized upon closing FY 2020/21.

GENERAL FUND
FY 2020/21 & FY 2021/22 ESTIMATED FUND BALANCE ACTIVITY

		FY 2020/21 ACTIONS					PROPOSED FY 2021/22 ACTIONS					
		Additional Capital Projects	FY2020/21 One-time Uses	Paying off CalPERS 2015 Gain/Loss Base	Residual Pension/OPEB Reserve to IRS 115 Pension Trust (CEPPT)	Sale of Winchester Property (Council Action 4/21/2020, Escrow closed July 2021)	Reserve 25% of FY 2021/22 G/F Operating Expenditure (per General Fund Reserve Policy)	ARPA Proceeds	FY2020/21 One-time Uses (Council Action 4/6/2021 Grants, CUP Subsidies Might Cross Fiscal Years)	FY2021/22 One-time Uses (Council Action 4/6/2021 Replace Lost Revenue)	Estimated General Fund Balance June 30, 2021	Additional Capital Projects
Actual General Fund Balance June 30, 2020	\$ 669,978	\$ 5,427,603	\$ 4,532,500	\$ 410,000	\$ 140,553	\$ 8,787,958	\$ -	\$ 1,218,732	\$ 5,539,408	\$ 1,181,162	\$ -	\$ 29,355,497
Additional Capital Projects												
FY2020/21 One-time Uses												
Paying off CalPERS 2015 Gain/Loss Base												
Residual Pension/OPEB Reserve to IRS 115 Pension Trust (CEPPT)												
Sale of Winchester Property (Council Action 4/21/2020, Escrow closed July 2021)												
Reserve 25% of FY 2021/22 G/F Operating Expenditure (per General Fund Reserve Policy)												
ARPA Proceeds												
FY2020/21 One-time Uses (Council Action 4/6/2021 Grants, CUP Subsidies Might Cross Fiscal Years)												
FY2021/22 One-time Uses (Council Action 4/6/2021 Replace Lost Revenue)												
Estimated General Fund Balance June 30, 2021	\$ -	\$ 5,439,276	\$ -	\$ 410,000	\$ 140,553	\$ 4,593,825	\$ -	\$ 1,218,732	\$ 5,539,408	\$ 1,181,162	\$ 1,200,000	\$ 22,283,637
Additional Capital Projects												
Regular Payment to IRS 115 Pension Trust (CEPPT)	390,000											
ARPA Proceeds												
FY2021/22 One-time Uses (Council Action 4/6/2021 Rent Forgiveness)												
FY2020/21 One-time Uses (Council Action 4/6/2021 Replace Lost Revenue)												
Estimated General Fund Balance June 30, 2022	\$ 390,000	\$ 5,439,276	\$ -	\$ 410,000	\$ 140,553	\$ 4,043,825	\$ -	\$ 1,218,732	\$ 5,539,408	\$ 1,181,162	\$ 1,200,000	\$ 2,061,732
												\$ 23,063,964

SCHEDULE OF INTERFUND TRANSFERS
FISCAL YEAR 2020/21 & 2021/22

Fund Description	Estimated		2021/22 Transfers In	2021/22 Transfers Out	Proposed	Budget
	2020/21	2020/21			2021/22	2021/22
	Transfers In	Transfers Out				
General Funds						
General Fund	\$ 609,492	\$ 3,401,479	\$ 633,352	\$ 550,000		
Special Revenue Funds						
Solid Waste Management	-	-	-	-		
HCD Housing Rehabilitation	-	-	-	-		
HCD-Community Dev Block Grant	-	-	-	-		
Urban Run-Off Program	-	-	-	-		
Landscape & Lighting Districts						
Blackwell District	-	460	-	460		
Kennedy Meadows District	-	1,510	-	1,510		
Gemini Court District	-	610	-	610		
Santa Rosa Heights District	-	660	-	660		
Vasona Heights District	-	1,430	-	1,430		
Hillbrook District	-	250	-	250		
Internal Service Funds						
Liability Self Insurance-Fund	-	-	-	-		
Worker's Comp Self Insurance	-	-	-	-		
Information Technology	-	37,800	-	-		
Equipment Fund	-	40,498	-	94,816		
Facilities Maintenance Fund	-	-	-	-		
Trust & Agency Funds						
Barbara J. Cassin Trust	-	-	-	-		
History Project Trust Fund	-	-	-	-		
Library Trust Fund	-	-	-	-		
Capital Project Funds						
GFAR	3,401,479	417,616	550,000	417,616		
Grant Funded CIP Projects	-	-	-	-		
Storm Drain #1	-	-	-	-		
Storm Drain #2	-	-	-	-		
Storm Drain #3	-	-	-	-		
Traffic Mitigation	-	2,658	-	10,000		
Construction Utility Underground	-	-	-	-		
Gas Tax - Street & Signal	-	106,000	-	106,000		
Successor Agency of the Los Gatos RDA Fund						
SA - Administration	-	-	-	-		
SA - Debt Service	-	-	-	-		
SA - Low / Moderate Housing	-	-	-	-		
SA - Recognized Obligation Retirement	-	-	-	-		
SA - General Fund	-	-	-	-		
Total Transfers	\$ 4,010,971	\$ 4,010,971	\$ 1,183,352	\$ 1,183,352		

FUND BALANCE ACTIVITY SUMMARY

FISCAL YEAR 2021/22

	7/1/21 Estimated Fund Balance	Fiscal Year 2021/22 Proposed Budget						6/30/22 Estimated Fund Balance					
		Plus		Less		Use of Reserves							
		Revenues & Carryforwards	Transfers In	Expenditures & Carryforwards	Transfers Out								
GENERAL FUND													
<i>Unreserved Fund Balances</i>													
Undesignated Reserves													
Available to be Appropriated	\$ -	\$ 43,614,822	\$ 633,352	\$ 45,762,162	\$ 550,000	\$ 2,063,988	\$ -	\$ -					
<i>Restricted Fund Balances</i>													
Reserve for Encumbrances	-	-	-	-	-	-	-	-					
Pension Trust	-	-	-	-	-	390,000	390,000	390,000					
Advance to RDA	-	-	-	-	-	-	-	-					
Actuarial	-	-	-	-	-	-	-	-					
Committed to:													
Budget Stabilization Reserve	5,439,276	-	-	-	-	-	5,439,276	5,439,276					
Catastrophic Reserves	5,439,276	-	-	-	-	-	5,439,276	5,439,276					
Pension/OPEB Reserve	-	-	-	-	-	-	-	-					
Almond Grove Reserve	-	-	-	-	-	-	-	-					
Assigned to:													
Open Space Reserve	410,000	-	-	-	-	-	410,000	410,000					
Sustainability	140,553	-	-	-	-	-	140,553	140,553					
Strategy Reserve	-	-	-	-	-	-	-	-					
Capital/Special Projects	4,593,825	-	-	-	-	(550,000)	4,043,825	4,043,825					
Authorized Carryforwards	-	-	-	-	-	-	-	-					
Compensated Absences*	1,539,408	-	-	-	-	-	1,539,408	1,539,408					
Market Fluctuations	1,218,732	-	-	-	-	-	1,218,732	1,218,732					
Measure G District Sales Tax	1,181,162	-	-	-	-	-	1,181,162	1,181,162					
Surplus Property Reserve	1,200,000	-	-	-	-	-	1,200,000	1,200,000					
American Rescue Act	1,121,405	2,844,315	-	-	-	(1,903,988)	2,061,732	2,061,732					
Total General Fund Reserves	\$ 22,283,637	\$ 46,459,137	\$ 633,352	\$ 45,762,162	\$ 550,000	\$ -	\$ 23,063,964						

General Fund Undesignated Reserves reflect ongoing revenue, carryforward, transfer, expenditures, the net effect of the change in Designated Reserves, and the use of Undesignated Reserves.

- **FY 2021/22 Budgeted revenue and expenditure appropriations, and transfers to and from the General Fund.**
- **Authorized carryforwards reflect operating appropriations that were brought forward as a funding source. The actual carryforward amount will be determined at FY 2020/21 year-end, with funding offset by undesignated reserves.**
- **General Fund Reserve Policy requires a minimum of 25% of General Fund operating expenditures equally divided between the Budget Stabilization Reserve and Catastrophic Reserve.**
- **In FY 2015/16, Council established a General Fund Pension/Other Post Employment Benefits (OPEB) Reserve Account. At the same time, the Council revised the General Fund Reserve Policy to provide for a maximum of \$300,000 in General Fund Year End Savings upon year-end close to be deposited in the Pension/OPEB Reserve Account and used as authorized by Town Council.**
- **Undesignated Fund Balance is a year-end fund balance not yet identified by the Town Council for a specific purpose. The Town General Fund Reserve Policy requires full funding of the Catastrophic and Budget Stabilization Reserves, distribution to the Pension/OPEB Reserve, and any remaining balance to the Capital/Special Project Reserve.**

SPECIAL REVENUE FUNDS								
Solid Waste Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Housing Conservation Program	\$ 177,240	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 177,240
Community Dev Block Grant	(10,587)							(10,587)
Urban Run-Off Source Fund	330,564	231,323	-	221,044	-	-	-	340,843
Blackwell Assessment District	13,386	3,210	-	10,640	460	-	-	5,496
Kennedy Assessment District	42,198	10,605	-	17,403	1,510	-	-	33,890
Gemini Assessment District	33,814	4,750	-	12,113	610	-	-	25,841
Santa Rosa Assessment District	45,356	5,000	-	19,769	660	-	-	29,927
Vasona Assessment District	35,164	10,075	-	15,661	1,430	-	-	28,148
Hillbrook Assessment District	22,423	6,040	-	19,693	250	-	-	8,520
Total Special Revenue Funds Reserves	\$ 689,558	\$ 271,003	\$ -	\$ 316,323	\$ 4,920	\$ -	\$ 639,318	

FUND BALANCE ACTIVITY SUMMARY

FISCAL YEAR 2020/21

	7/1/21 Estimated Fund Balance	Fiscal Year 2021/22 Proposed Budget							6/30/22 Estimated Fund Balance	
		Plus		Less		Use of Reserves				
		Revenues & Carryforwards	Transfers In	Expenditures & Carryforwards	Transfers Out					
INTERNAL SERVICE FUNDS										
Liability Self-Insurance	\$ 1,165,899	\$ 423,332	\$ -	\$ 850,716	\$ -	\$ -	\$ -	\$ 738,515		
Worker's Comp Self-Insurance	1,063,737	1,007,620	-	1,782,569	-	-	-	288,788		
Information Technology	2,713,145	914,018	-	843,991	-	-	-	2,783,172		
Office Stores Fund	-	-	-	-	-	-	-	-		
Equipment Replacement	727,473	570,957	-	474,455	94,816	-	-	729,159		
Vehicle Maintenance	-	-	-	-	-	-	-	-		
Facilities Maintenance	78,905	1,179,510	-	1,179,508	-	-	-	78,907		
Total Internal Service Funds Reserves	\$ 5,749,159	\$ 4,095,437	\$ -	\$ 5,131,239	\$ 94,816	\$ -	\$ -	\$ 4,618,541		
<i>Equipment Replacement Fund Balance is the accumulation of replacement funding-to-date for assets. Revenues are the pro-rated annual charges to departments for asset replacement, and expenditures reflect the cost of equipment up for replacement in this fiscal year. The Fund will continue to reallocate Fund Balance as a transfer to the General Fund for assets that have accumulated replacement costs and have been identified as no longer being part of the Replacement Schedule.</i>										
TRUST & AGENCY										
Library Trust	\$ 60,833	\$ 55,500	\$ -	\$ 65,000	\$ -	\$ -	\$ -	\$ 51,333		
Ness Trust Bequest	21,660	-	-	20,755	-	-	-	905		
Betty McClendon Trust	87,487	700	-	700	-	-	-	87,487		
Barbara J Cassin Trust	357,736	2,900	-	2,500	-	-	-	358,136		
Total Trust & Agency Funds Reserves	\$ 527,716	\$ 59,100	\$ -	\$ 88,955	\$ -	\$ -	\$ -	\$ 497,861		
CAPITAL PROJECTS FUNDS										
GFAR	\$ 12,787,913	\$ 1,778,862	\$ 550,000	\$ 4,076,988	\$ 417,616	\$ -	\$ -	\$ 10,622,171		
GFAR - Designated for Parking	1,460,210	-	-	-	-	-	-	1,460,210		
Grant Funded CIP Projects	(1,805,768)	837,883	-	837,883	-	-	-	(1,805,768)		
Storm Drain #1	1,083,991	49,670	-	50,000	-	-	-	1,083,661		
Storm Drain #2	1,936,607	53,930	-	50,000	-	-	-	1,940,537		
Storm Drain #3	(132,482)	940	-	75,000	-	-	-	(206,542)		
Traffic Mitigation	348,661	10,000	-	-	10,000	-	-	348,661		
Construction Tax-Undergrounding	3,158,462	52,490	-	-	-	-	-	3,210,952		
Gas Tax	771,711	1,401,865	-	1,295,865	106,000	-	-	771,711		
Total Capital Projects Funds Reserves	\$ 19,609,305	\$ 4,185,640	\$ 550,000	\$ 6,385,736	\$ 533,616	\$ -	\$ -	\$ 17,425,593		
<i>GFAR, Grant Fund, Storm Drain Funds, and Gas Tax Fund Balances reflect the spending down of available funds in FY 2021/22 in line with the planned Capital Improvement Program. The GFAR and Grant Funds also include transfers-in to fund these planned projects. Traffic Mitigation Fund reflects a transfer out of \$10,000 for estimated annual administration fees. Grant Funded Projects Fund Balance reflects appropriations for incoming revenues and prior year carryforwards, which will result in either positive or negative fund balance depending on timing of receipts and budget. All grant projects net to zero at completion.</i>										
<i>Successor Agency of the Los Gatos RDA Fund</i>										
SA- Trust Fund	\$ 3,565,994	\$ 3,912,200	\$ -	\$ 3,811,432	\$ -	\$ -	\$ -	\$ 3,666,762		
Total SA of the Los Gatos RDA Funds Reserves	\$ 3,565,994	\$ 3,912,200	\$ -	\$ 3,811,432	\$ -	\$ -	\$ -	\$ 3,666,762		
TOTAL RESERVES	\$ 52,425,369	\$ 58,982,517	\$ 1,183,352	\$ 61,495,847	\$ 1,183,352	\$ -	\$ -	\$ 49,912,039		

FUND BALANCE RESERVES
5 YEAR COMPARATIVE BALANCES

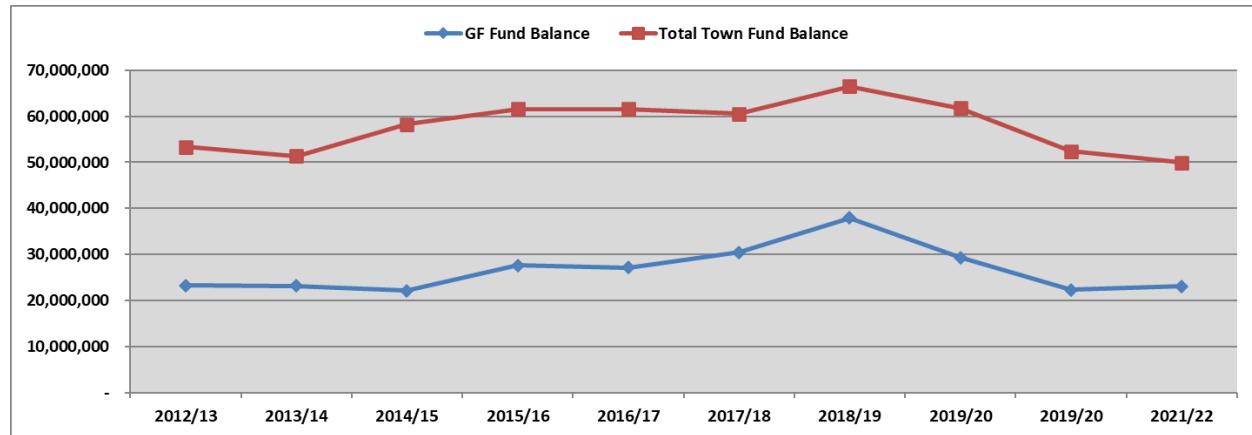
Fund Balance Reserves	6/30/2018 Actual YE Balance	6/30/2019 Actual YE Balance	6/30/2020 Actual YE Balance	6/30/2021 Estimated YE Balance	6/30/2022 Budgeted YE Balance
GENERAL FUND					
Restricted Fund Balances					
Pension	\$ -	\$ 5,015,316	\$ 669,978	\$ -	\$ 390,000
Unreserved Fund Balances					
Undesignated Reserves					
Available to be Appropriated	-	-	-	-	-
Committed to:					
Budget Stabilization Reserve	5,037,243	5,419,222	5,427,603	5,439,276	5,439,276
Catastrophic Reserves	5,037,243	5,419,222	5,427,603	5,439,276	5,439,276
Pension/OPEB Reserve	2,878,913	4,232,500	4,532,500	-	-
Almond Grove Reserve	-	-	-	-	-
Assigned to:					
Open Space Reserve	562,000	562,000	410,000	410,000	410,000
Sustainability	140,553	140,553	140,553	140,553	140,553
Strategic Planning Reserve	129,090	-	-	-	-
Capital/Special Projects	14,421,203	13,262,303	8,787,958	4,593,825	4,043,825
Authorized Carryforwards	99,927	413,729	-	-	-
Compensated Absences*	2,122,512	1,232,653	1,539,408	1,539,408	1,539,408
To Workers Comp		1,232,654			
Market Fluctuations			1,218,732	1,218,732	1,218,732
Measure G District Sales Tax			1,181,162	1,181,162	1,181,162
Stores and Vehicle Maintenance	-	1,040,375	-	-	-
Surplus Property Reserve	-	-	-	1,200,000	1,200,000
American Rescue Act				1,121,405	2,061,732
Total General Fund Reserves*	\$ 30,428,684	\$ 37,970,527	\$ 29,335,497	** \$ 22,283,637	\$ 23,063,964
SPECIAL REVENUE FUNDS					
Housing Conservation Program	\$ 177,240	\$ 177,240	\$ 177,240	\$ 177,240	\$ 177,240
Community Dev Block Grant	(\$ 10,587)	(\$ 10,587)	(\$ 10,587)	(\$ 10,587)	(\$ 10,587)
Urban Run-Off Source Fund	71,338	159,450	237,935	330,564	340,843
Blackwell Assessment District	12,700	13,488	13,776	13,386	5,496
Kennedy Assessment District	35,234	37,926	40,396	42,198	33,890
Gemini Assessment District	26,088	28,921	31,787	33,814	25,841
Santa Rosa Assessment District	58,477	54,659	50,785	45,356	29,927
Vasona Assessment District	49,175	54,233	32,180	35,164	28,148
Hillbrook Assessment District	17,010	18,912	21,326	22,423	8,520
Total Special Revenue Funds Reserves	\$ 436,675	\$ 534,242	\$ 594,838	\$ 689,558	\$ 639,318
INTERNAL SERVICE FUNDS					
Liability Self-Insurance	\$ 994,769	\$ 1,313,304	\$ 1,290,614	\$ 1,165,899	\$ 738,515
Worker's Comp Self-Insurance	620,726	843,081	1,808,740	1,063,737	288,788
Information Technology	2,161,808	2,518,468	2,604,203	2,713,145	2,783,172
Office Stores Fund	227,790	-	-	-	-
Equipment Replacement	2,328,270	2,808,804	1,925,053	727,473	729,159
Vehicle Maintenance	262,791	-	-	-	-
Facilities Maintenance	245,437	970,786	102,469	78,905	78,907
Total Internal Service Funds Reserves	\$ 6,841,591	\$ 8,454,443	\$ 7,731,079	\$ 5,749,159	\$ 4,618,541

* Year End Fund Balance represents General Fund 111 (Long Term Compensated Absences were accounted in Fund 961 prior to FY 2017/18) Pension Trust Fund 731 was incorporated in FY 2018/19.

FUND BALANCE RESERVES

5 YEAR COMPARATIVE BALANCES

Fund Balance Reserves	6/30/2018 Actual YE Balance	6/30/2019 Actual YE Balance	6/30/2020 Actual YE Balance	6/30/2021 Estimated YE Balance	6/30/2022 Budgeted YE Balance
TRUST FUNDS					
Library Trust	\$ 54,771	\$ 69,582	\$ 60,333	\$ 60,833	\$ 51,333
Ness Trust Bequest	41,603	21,291	21,660	21,660	905
Betty McClendon Trust	84,505	85,999	87,487	87,487	87,487
Barbara J Cassin Trust	354,865	361,142	357,336	357,736	358,136
Total Trust Reserves	\$ 535,744	\$ 538,014	\$ 526,816	\$ 527,716	\$ 497,861
CAPITAL PROJECTS FUNDS					
GFAR	\$ 10,714,868	\$ 7,058,779	\$ 12,400,872	\$ 12,787,913	\$ 10,622,171
GFAR - Designated for Parking	1,460,210	1,460,210	1,460,210	1,460,210	1,460,210
Grant Funded CIP Projects	(134,111)	(255,637)	(343,705)	(1,805,768)	(1,805,768)
Storm Drain #1	809,377	932,416	1,034,521	1,083,991	1,083,661
Storm Drain #2	1,752,774	1,800,548	1,853,117	1,936,607	1,940,537
Storm Drain #3	(76,154)	(104,407)	(127,362)	(132,482)	(206,542)
Traffic Mitigation	260,487	304,647	348,661	348,661	348,661
Construction Tax-Undergrounding	2,997,984	3,079,685	3,118,173	3,158,462	3,210,952
Gas Tax	703,148	853,822	290,370	771,711	771,711
Total Capital Projects Funds Reserves	\$ 18,488,583	\$ 15,130,063	\$ 20,034,857	\$ 19,609,305	\$ 17,425,593
<i>Successor Agency Trust of the Los Gatos RDA</i>					
SA - Trust Fund (Budgetary Fund Balance)	\$ 3,803,778	\$ 3,840,187	\$ 3,568,276	\$ 3,565,994	\$ 3,666,762
Total Successor Agency Fund Reserves	\$ 3,803,778	\$ 3,840,187	\$ 3,568,276	\$ 3,565,994	\$ 3,666,762
TOTAL RESERVES	\$ 60,535,055	\$ 66,467,476	\$ 61,791,363	\$ 52,425,369	\$ 49,912,039



DEPARTMENT REVENUES
By PROGRAM

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Adjusted	2020/21 Estimated	2021/22 Proposed
<i>Town Offices</i>						
1101 Town Council	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1301 Town Attorney	730	1,527	2,509	-	31,175	-
<u>1302 Liability Self-Insurance Fund</u>	<u>506,519</u>	<u>657,152</u>	<u>378,133</u>	<u>453,135</u>	<u>376,531</u>	<u>423,332</u>
Total Town Offices	\$ 507,249	\$ 658,679	\$ 380,642	\$ 453,135	\$ 407,706	\$ 423,332
<i>Administrative Services Department</i>						
1201 Non-Departmental	\$ 31,218,827	\$ 36,710,334	\$ 32,854,004	\$ 32,710,048	\$ 35,791,222	\$ 36,663,905
1231 Pension Trust- PARS	-	5,022,848	19,398	962,158	-	-
1232 Pension Trust- CEPPT	-	-	670,034	300,000	-	390,000
1261 Compensated Absences	2,169,600	(1,928,865)	-	-	-	-
2101 Town Manager Administration	14,590	28,989	27,974	3,464	2,592	1,000
2102 Community Grants	-	-	-	-	-	-
2103 Housing Program	-	-	-	-	-	-
2104 HCD Housing Rehab	-	-	-	-	-	-
2201 Human Resources	-	-	-	-	-	-
2202 Workers' Compensation Fund	1,135,140	1,492,981	1,429,993	1,185,906	1,164,389	1,007,620
2301 Finance & Administrative Services	1,931,943	2,973,730	3,685,775	1,801,409	1,982,371	1,776,233
2302 Office Stores Fund	127,786	141,938	-	-	-	-
2303 Parking Assessment District	-	-	-	-	-	-
2401 Clerk Administration	-	-	450	-	-	-
2502 Information Technology Management	-	169,300	-	-	-	-
2501 Information Technology Systems	1,172,455	1,223,741	881,936	917,219	911,333	914,018
2803 Smoking Restriction Implementation	-	-	-	-	-	-
2999 Pass Thru Accounts	-	-	-	-	-	-
Total Administrative Services	\$ 37,770,341	\$ 45,834,996	\$ 39,569,564	\$ 37,880,204	\$ 39,851,907	\$ 40,752,776
<i>Community Development</i>						
3101 Administration	\$ -	\$ 7,500	\$ -	\$ -	\$ -	\$ -
3201 Developmental Review	707,514	681,892	500,952	542,000	547,496	492,000
3202 Advanced Planning	142,006	570,034	498,433	805,129	736,944	540,000
3301 Inspection Services	2,105,643	2,184,412	1,884,409	2,302,500	2,332,521	2,069,000
3401 Code Compliance	4,800	60,378	9,600	5,000	3,500	5,000
3501 BMP Housing Program	190,833	144,712	130,111	189,841	186,213	188,399
3999 Pass Thru Accounts	684,249	554,682	321,600	532,500	532,500	532,500
Total Community Development	\$ 3,835,045	\$ 4,203,610	\$ 3,345,105	\$ 4,376,970	\$ 4,339,174	\$ 3,826,899
<i>Police Department</i>						
4101 Administration	\$ 14,210	\$ 30,047	\$ 13,155	\$ 23,735	\$ 830	\$ 20,830
4201 Records & Communication	9,530	11,909	7,892	6,000	261	4,872
4202 Personnel & Community Services	430,842	376,852	401,096	390,640	391,260	435,600
4301 Patrol	919,251	926,565	976,460	1,010,797	949,357	1,102,685
4302 Traffic	535,896	594,315	452,907	399,153	365,125	307,107
4303 Investigations	130,497	132,929	201,069	103,500	102,437	165,467
4304 Parking Program	676,242	478,574	294,203	122,400	105,900	211,250
4800 Grants Program - Police	50,579	1,309	135,481	54,695	43,695	15,000
4999 Pass Thru Accounts	2,263	3,946	6,661	24,115	-	23,220
Total Police Department	\$ 2,769,310	\$ 2,556,446	\$ 2,488,924	\$ 2,135,035	\$ 1,958,865	\$ 2,286,031

**DEPARTMENT REVENUES
By PROGRAM**

		2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Adjusted	2020/21 Estimated	2021/22 Proposed
Parks & Public Works							
5101	Administration	\$ (3,272)	\$ -	\$ -	\$ -	\$ -	\$ -
5201	Engineering Program Services	209,631	223,701	170,855	48,325	48,325	- -
5202	Engineering Development Svrcs	1,817,315	1,092,535	1,160,960	712,100	691,937	712,100
5203	Non-Point Source Fund	577,591	716,352	231,323	231,323	260,851	231,323
5301	Park Services	318,940	233,408	228,232	125,270	135,297	170,270
5302	Environmental Services	148,110	187,706	181,106	160,156	185,705	160,156
5401	Street & Signals	198,030	279,912	280,026	245,543	240,043	295,543
5402	Equipment Replacement	672,616	632,492	236,083	297,546	391,541	570,957
5403	Vehicle Maintenance	586,654	764,407	- -	- -	- -	- -
5404	Facilities Maintenance	1,459,036	1,787,255	1,080,686	1,148,757	1,148,757	1,179,510
5405	Property Damage	206,630	83,025	25,682	- -	1,351	- -
5501	Lighting & Landscape Districts	36,990	41,638	41,604	39,680	39,680	39,680
5999	Pass Thru Accounts	319,073	334,920	452,157	140,000	140,000	140,000
8011	GFAR	839,574	1,629,129	3,001,375	4,700,792	2,803,849	1,778,862
8021	Grant Funded CIP Projects	261,534	257,968	396,334	6,623,041	140,352	837,883
8031	Storm Drain #1	13,997	123,039	112,105	49,470	49,470	49,670
8032	Storm Drain #2	752,689	47,774	62,569	53,490	83,490	53,930
8033	Storm Drain #3	40,564	1,447	(1,955)	1,380	(620)	940
8041	Traffic Mitigation	151,452	118,787	136,639	1,795,438	883,794	10,000
8042	Utility Undergrounding	68,868	81,701	87,489	3,863,048	62,490	52,490
8051	Gas Tax - Street & Signals	865,607	1,217,552	1,261,934	1,233,317	1,233,317	1,401,865
Total Parks & Public Works		\$ 9,541,629	\$ 9,854,748	\$ 9,145,204	\$ 21,468,676	\$ 8,539,629	\$ 7,685,179
Library							
7101	Administration	\$ 206	\$ 55	\$ 6,686	\$ -	\$ -	\$ -
7201	Adult Services	9,836	35,000	26,250	35,000	35,000	35,000
7202	Children's Services	14,066	- -	- -	- -	- -	- -
7203	Acquisitions & Cataloging	1,762	(37)	- -	- -	- -	- -
7204	Circulation Services	23,832	9,458	6,391	3,000	- -	2,000
7801	Operating Grant	22,200	12,482	23,101	11,022	11,293	- -
7301	Library Trust	75,040	83,840	63,388	26,000	60,500	55,500
7302	Clellies Ness Bequest Trust	516	736	368	- -	- -	- -
7304	Betty McClendon Trust	1,079	1,495	1,487	700	700	700
7305	Barbara J Cassin Trust	4,404	6,277	6,182	2,900	2,900	2,900
Total Library		\$ 152,941	\$ 149,306	\$ 133,853	\$ 78,622	\$ 110,393	\$ 96,100
Successor Agency to the Los Gatos RDA							
9403	SA- Admin Services	\$ 25,623	\$ 29,216	\$ 28,292	\$ 9,000	\$ 9,000	\$ 9,000
9404	SA- Debt to 2002 COP	1,365,839	1,371,401	1,369,114	1,353,938	1,353,438	1,346,250
9405	SA-Debt to 2010 COP	2,504,390	2,509,589	2,501,097	2,466,550	2,464,050	2,556,950
9406	SA- Debt to 1992 COP	- -	- -	- -	- -	- -	- -
Total SA to the Los Gatos RDA		\$ 3,895,852	\$ 3,910,206	\$ 3,898,503	\$ 3,829,488	\$ 3,826,488	\$ 3,912,200
Transfers In		3,886,431	4,714,131	9,996,516	4,086,313	4,010,971	1,183,352
Total Revenues by Department:		\$ 62,358,798	\$ 71,882,122	\$ 68,958,311	\$ 74,308,443	\$ 63,045,133	\$ 60,165,869

**DEPARTMENTAL EXPENDITURES
By PROGRAM**

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Adjusted	2020/21 Estimated	2021/22 Proposed
Town Offices						
1101 Town Council	\$ 192,183	\$ 205,903	\$ 206,163	\$ 243,485	\$ 207,335	\$ 201,500
1301 Town Attorney	354,205	562,542	559,010	658,831	619,766	660,229
1302 Liability Self-Insurance Fund	397,190	338,617	400,823	668,059	501,246	850,716
Total Town Offices	\$ 943,578	\$ 1,107,062	\$ 1,165,996	\$ 1,570,375	\$ 1,328,347	\$ 1,712,445
Administrative Services Department						
1201 Non-Departmental	\$ 7,024,195	\$ 8,784,833	\$ 5,410,121	\$ 10,009,362	\$ 10,337,821	\$ 5,666,859
1231 Pension Trust - PARS	-	7,155	5,034,715	-	-	-
1232 Pension Trust - CEPPT	-	-	56	300,000	700,000	-
1261 Compensated Absences	240,735	-	-	-	-	-
2101 Town Manager Administration	1,070,761	1,077,603	1,271,552	1,427,653	1,274,323	1,441,685
2102 Community Grants	119,800	136,513	182,303	150,000	144,000	150,000
2201 Human Resources	630,554	678,490	713,842	785,883	784,894	825,848
2301 Finance & Administrative Services	1,049,871	1,145,906	1,293,793	1,550,837	1,469,419	1,563,928
2401 Clerk Administration	322,976	349,776	387,470	459,193	413,325	449,415
2502 Information Technology Management	33	540,044	539,802	622,280	633,026	656,329
2803 Tobacco Prevention Initiatives	-	629	-	-	-	-
2802 Obesity Grant	-	-	-	-	-	-
2999 Pass Through	-	2,845	-	-	-	-
2202 Workers' Compensation Fund	1,416,722	1,270,628	1,525,589	1,900,050	1,909,392	1,782,569
2302 Office Stores Fund	100,432	104,345	-	-	-	-
2501 Information Technology Systems	1,267,349	567,082	796,201	1,033,091	764,591	843,991
2303 Parking Assessment District	-	-	-	-	-	-
Total Administrative Services	\$ 13,243,428	\$ 14,665,849	\$ 17,155,444	\$ 18,238,349	\$ 18,430,791	\$ 13,380,624
Community Development						
3101 Administration	\$ 222,614	\$ 210,791	\$ 256,531	\$ 330,196	\$ 286,031	\$ 267,124
3201 Developmental Review	1,258,291	1,329,381	1,376,229	1,580,428	1,523,045	1,610,494
3202 Advanced Planning	336,023	766,110	772,817	1,179,495	1,064,693	974,762
3301 Inspection Services	1,290,433	1,316,494	1,360,872	1,493,076	1,422,786	1,506,108
3401 Code Compliance	209,720	255,324	253,630	299,679	261,446	316,478
3501 BMP Housing Program	190,833	144,713	130,111	189,841	186,212	188,399
3999 Pass Thru Accounts	684,249	554,682	323,600	532,500	532,500	532,500
Total Community Development	\$ 4,192,163	\$ 4,577,495	\$ 4,473,790	\$ 5,605,215	\$ 5,276,713	\$ 5,395,865
Police Department						
4101 Administration	\$ 1,026,502	\$ 1,223,444	\$ 1,248,607	\$ 1,378,275	\$ 1,432,481	\$ 1,390,216
4201 Records & Communication	2,072,274	2,221,494	2,205,471	2,483,105	2,428,413	2,407,721
4202 Personnel & Community Services	773,826	562,528	874,807	1,023,462	998,069	1,058,747
4301 Patrol	6,575,258	7,112,700	7,371,256	7,925,958	7,977,366	7,976,990
4302 Traffic	992,689	1,011,364	798,833	1,083,687	1,114,905	1,026,341
4303 Investigations	2,282,295	2,219,461	2,705,333	2,877,009	2,759,088	2,813,257
4304 Parking Program	683,817	565,896	551,918	602,233	520,203	527,990
4800 Grants Program - Police	11,451	27,547	132,058	54,695	43,695	15,000
4999 Pass Thru Accounts	5,442	4,520	6,723	24,115	-	23,220
Total Police Department	\$ 14,423,554	\$ 14,948,954	\$ 15,895,006	\$ 17,452,539	\$ 17,274,220	\$ 17,239,482

**DEPARTMENTAL EXPENDITURES
By PROGRAM**

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Adjusted	2020/21 Estimated	2021/22 Proposed
Parks & Public Works						
5101 Administration	\$ 562,340	\$ 570,096	\$ 614,753	\$ 615,919	\$ 629,977	\$ 618,396
5201 Engineering Program Services	1,168,666	1,215,300	1,480,068	1,349,480	1,402,011	1,289,715
5202 Engineering Development Svrcs	721,593	742,264	757,990	788,192	739,923	815,692
5203 Non-Point Source Fund	521,147	628,241	162,839	205,850	168,222	221,045
5301 Park Services	1,835,775	1,737,287	1,965,843	2,040,375	2,036,336	2,142,938
5302 Environmental Services	342,130	337,937	278,918	370,876	349,943	473,167
5401 Street & Signals	2,087,096	2,220,248	2,084,477	2,276,016	2,085,468	2,339,816
5402 Equipment Replacement	636,400	601,961	540,036	1,482,623	1,548,623	474,455
5403 Vehicle Maintenance	506,234	252,206	-	-	-	-
5404 Facilities Maintenance	1,475,728	1,011,905	1,161,003	1,261,692	1,172,321	1,179,508
5405 Property Damage	76,898	56,226	18,632	25,000	25,000	25,000
5406 Vehicle Maintenance Management	-	221,062	199,072	244,673	125,884	263,876
5407 Facilities Maintenance Management	-	305,042	316,130	349,839	332,061	386,026
5501 Lighting & Landscape Districts	33,029	27,266	54,572	32,817	32,669	95,279
5999 Pass Thru Accounts	305,028	564,170	452,157	140,000	140,000	140,000
8011 GFAR	9,040,871	7,552,806	5,567,263	17,781,731	5,400,671	4,076,989
8021 Grant Funded CIP Projects	15,394	379,494	484,403	6,983,825	1,602,415	837,883
8031 Storm Drain #1	-	-	-	150,000	-	50,000
8032 Storm Drain #2	18,700	-	-	150,000	-	50,000
8033 Storm Drain #3	107,992	29,700	11,000	185,058	4,500	75,000
8041 Traffic Mitigation	109,507	64,626	76,290	1,785,438	881,135	-
8042 Utility Undergrounding	-	-	49,000	6,836,204	22,201	-
8051 Gas Tax - Street & Signals	749,965	960,881	1,719,384	1,291,952	645,976	1,295,865
Total Parks & Public Works	\$ 20,314,493	\$ 19,478,718	\$ 17,993,830	\$ 46,347,560	\$ 19,345,336	\$ 16,850,650
Library						
7101 Administration	\$ 439,522	\$ 451,284	\$ 469,563	\$ 514,552	\$ 494,999	\$ 532,952
7201 Adult Services	576,961	548,199	544,326	653,511	633,496	681,004
7202 Children's Services	533,279	502,330	510,064	599,182	582,238	622,272
7203 Acquisitions & Cataloging	123,873	-	-	-	-	-
7204 Circulation Services	836,336	969,174	1,149,220	1,179,264	1,135,752	1,180,167
7801 Operating Grant	19,045	22,632	27,629	11,022	6,293	-
7301 Library Trust	71,265	69,029	72,637	25,000	60,000	65,000
7302 Celles Ness Bequest Trust	-	21,048	-	20,755	-	20,755
7304 Betty McClendon Trust	5,986	-	-	700	700	700
7305 Barbara J Cassin Trust	-	-	9,989	2,500	2,500	2,500
Total Library	\$ 2,606,267	\$ 2,583,696	\$ 2,783,428	\$ 3,006,486	\$ 2,915,978	\$ 3,105,350
<i>Successor Agency to the Los Gatos RDA</i>						
9402 SA- Housing Trust Others	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9403 SA- Admin Services	1,443	109,556	108,276	8,083	8,061	8,011
9404 SA- Debt to 2002 COP	1,347,477	1,346,321	1,475,947	1,354,798	1,354,798	1,347,110
9405 SA-Debt to 2010 COP	2,427,364	2,417,921	2,586,191	2,465,910	2,465,910	2,456,310
9406 SA- Debt to 1992 COP	-	-	-	-	-	-
Total SA to the Los Gatos RDA	\$ 3,776,284	\$ 3,873,798	\$ 4,170,414	\$ 3,828,791	\$ 3,828,769	\$ 3,811,431
Total Operating Expenditures	\$ 59,499,767	\$ 61,235,572	\$ 63,637,908	\$ 96,049,315	\$ 68,400,154	\$ 61,495,847
Transfers Out	3,886,431	4,714,129	9,996,516	4,086,313	4,010,972	1,183,352
Total Expenditures by Department:	\$ 63,386,198	\$ 65,949,701	\$ 73,634,424	\$ 100,135,628	\$ 72,411,126	\$ 62,679,199

IN-KIND DONATIONS FY 2021 SUMMARY

The information below provides an estimated value of in-kind support the Town provides annually to local non-profit organizations, in addition to contribution of funds as described elsewhere in this budget, such as community grants. The in-kind support consists of Town facilities leased to these organizations at rates substantially below present market rates.

Los Gatos Museum Association - The Town and Los Gatos Museum Association (LGMA), renamed NUMU, have amended the agreement in which NUMU leases 10,630 square feet in the Town Hall. NUMU has occupied the new space since the beginning FY 2015/16.

Los Gatos-Saratoga Recreation - Beginning January 2010, Los Gatos Saratoga (LGS) Recreation entered into a 20-year lease with the Town for the former Neighborhood Center, renamed the Adult Recreation Center. In exchange for providing and expanding senior services, the facility is leased at a below market rate. LGS Recreation also leases the Town-owned facility located at 123 E. Main Street, on a month to month basis.

Location	NUMU (LG Museums)	Adult Recreation Center	Recreation Department
	110 E. Main St 10-Year Lease	208 E. Main St. 20-Year Lease	123 E. Main St.
Market Price Per Square Foot/Month*	\$3.1 *	\$3.1 *	\$3.2 **
Square Footage	10,630	12,000	6,479
Value of Rent/Year	\$395,436	\$447,264	\$244,949
Rent Paid/Year	\$25,000	\$251,861	\$38,178
Total value of Donation/Lease Term	\$ 370,436	\$ 195,404	\$ 206,771

* Market rate is based on appraisal on every five-year.

** Market rate is based on the State of California Department of Industrial Relations, Division of Labor Statistics and Research's Consumer Price Index, All Urban Consumers, All Items, San Francisco-Oakland - San Jose, California as identified in the lease term.

Due to the continued economic impact of the COVID-19 pandemic, the Town Council forgave rent payments for all of its tenants in FY 2020/21, including NUMU and LGS Recreation. On April 6, 2021, the Council voted to continue rent forgiveness for FY 2021/22 and backfilling this revenue with ARPA funds.

In addition to providing subsidized leases, the Town provides in-kind staffing support for the Holiday Tree Lighting and the Children's Holiday Parade. Costs to provide maintenance and public safety services for the Holiday Tree Lighting are estimated to be \$4,100; the Children's Holiday Parade costs are estimated to be \$45,500. These estimates only include expenses that occur at the event and do not include time dedicated to event planning and logistics. These events did not occur in FY 2020/21 due to the Public Health Orders and it is uncertain if one or more will occur in FY 2021/22.

If both events occur, the estimated total of all in-kind expenses for FY 2021/22 is \$822,211.

Fee-Related Projects Lists

Under California law, cities and other local agencies may enact Development Impact Fees on proposed development which must be paid as a condition of development approval. Development Impact Fees (“DIFs”) were enacted under Assembly Bill 1600 by the California Legislature in 1987 and codified under California Government Code §66000 *et. seq.*, also referred to as the Mitigation Fee Act (the Act or AB 1600).

Development Impact Fees are not ongoing fees or taxes; they are one-time fees, paid at the time of construction. Impact fees are not special assessments, nor are they permitted to cover on-going operations and maintenance costs. By definition, “a fee is voluntary and must be reasonably related to the cost of the service provided by the local agency.” The fees are collected by local governmental agencies to pay for infrastructure or capital facilities needed to serve new development. Because impact fees are collected during the development approval process, the fees are typically paid by developers, builders, or other property owners who are seeking to develop property as a way of paying their “fair share” of needed facilities.

The Town collects three Development Impact Fees that meet the reporting requirements of AB 1600: the Traffic Impact Mitigation Fee, Below-Market Priced Housing Program In-Lieu Fee, and the Construction Activity Impact Fee. The following tables provide potential project lists.

Below Market Price (BMP) Housing Program Potential Project List			
Source	Description	Estimated Project Cost (2021 \$)	BMP Fee Eligible Cost
BMP	Extremely Low Income Housing Projects	\$ 3,000,000	\$ 3,000,000
BMP	Reacquisition of Distressed/Foreclosed Properties	700,000	700,000
BMP	HouseKeys Program Services	600,000	600,000
Total		\$ 4,300,000	\$ 4,300,000

Note:

BMP - Below Market Housing Program

Construction Impact Activity Project List			
Source	Description	Estimated Project Cost (2021 \$)	Construction Impact Fee Eligible Cost
CIP	Street Repair and Resurfacing Projects (5 year-plan)	\$ 13,529,342	\$ 13,529,342
Total		\$ 13,529,342	\$ 13,529,342

Note:

CIP - Town of Los Gatos, Capital Improvement Program

FEE-RELATED PROJECTS LISTS

Town of Los Gatos Traffic Mitigation Improvements Potential Project List			
Source	Description	Estimated Project Cost (2014 \$)	Mitigation Impact Fee Eligible Cost
GP/VTP 2035	Blossom Hill Rd and Union Ave Intersection Improvements	\$ 1,200,000	\$ 1,080,000
GP/VTP 2035	Los Gatos - Almaden Rd Improvements	3,000,000	1,500,000
GP/VTP 2035	Los Gatos Blvd Widening - Samaritan Dr to Camino Del Sol Road widening, new sidewalks and bike lanes	4,000,000	2,000,000
GP/VTP 2035	Union Ave Widening and Sidewalks - complete ped and bike routes	3,000,000	1,500,000
GP/VTP 2035	Wood Rd Gateway on Santa Cruz Ave - roundabout	1,200,000	600,000
GP/VTP 2035	Central Traffic Signal Control System	750,000	72,600
GP/VTP 2035	Hwy 9 Los Gatos Creek Trail connector - new path and bridge for ped/bike	1,000,000	500,000
GP/VTP 2035	Hwy 9/N. Santa Cruz Ave Intersection Improvements	1,400,000	1,260,000
CIP	Roberts Road Improvements from bridge to University	600,000	300,000
CIP	Pollard Road Widening from Knowles to York Avenue	2,500,000	1,250,000
CIP	Sidewalks infill - Van Meter, Fischer and Blossom Hill Schools	1,000,000	500,000
CIP	Winchester Blvd/Lark Avenue Intersection Improvements	850,000	765,000
CIP	Westbound Lark to Hwy 17 northbound ramps - add two right-turn lanes	3,750,000	3,375,000
CIP	Unfunded Deferred Street Maintenance (Annual PMS Survey)	10,500,000	1,016,400
GP	Lark/Los Gatos Intersection Improvements - Add Third Left Turn Lanes for Eastbound and Northbound Approaches	1,200,000	1,080,000
GP	Complete Street Improvements - Lark from Garden Hill to Los Gatos Blvd	2,100,000	1,050,000
GP	Complete Street Improvements - SR 9 from University to Los Gatos Blvd	650,000	325,000
GP	Complete Street Improvements - Blossom Hill Road from Old Blossom Hill Road to Regent Drive	3,000,000	1,500,000
GP	Complete Street Improvements - Knowles from Pollard to Winchester	2,000,000	1,000,000
GP	Complete Street Improvements - Winchester from Blossom Hill to Lark	1,500,000	750,000
GP	Blossom Hill Road widening over Highway 17	2,000,000	1,000,000
GP	Local Bikeway Improvements	750,000	375,000
Total		\$ 47,950,000	\$ 22,799,000

Notes:

VTP = Valley Transportation Plan, 2035 by Santa Clara Valley Transportation Authority.

Town CIP = Town of Los Gatos, Capital Improvement Program and pending construction project list.

Source: Town of Los Gatos.

SUMMARY OF POSITIONS
DEPARTMENTAL STAFF BY FUND

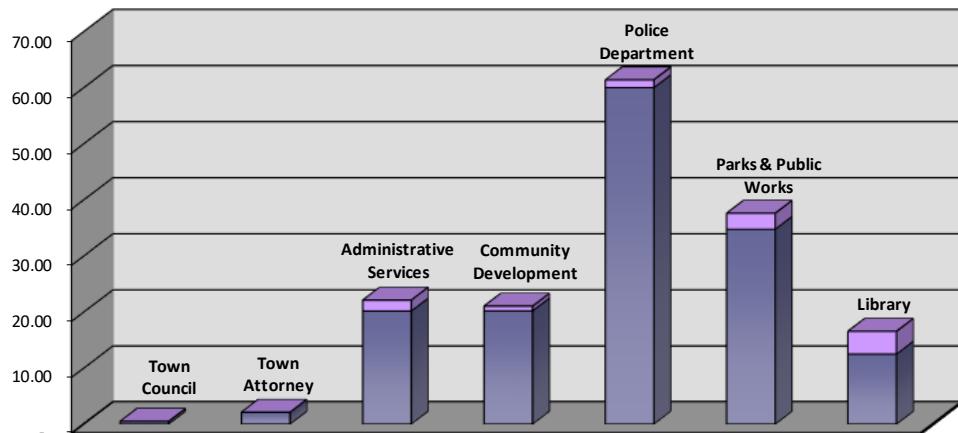
	2017/18 Funded	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/22 Proposed
General Fund					
Town Council	0.50	0.50	0.50	0.50	0.50
Town Attorney*	0.91	1.88	1.88	1.88	2.13
Administrative Services*	16.19	20.53	20.17	20.17	20.17
Community Development	20.08	20.08	20.08	20.20	20.20
Police Department	59.00	59.00	60.00	60.00	60.00
Parks & Public Works*	29.40	33.50	33.50	33.75	33.75
Library	12.25	12.50	12.50	12.50	12.50
Total General Fund Staff	138.33	147.98	148.61	148.98	149.23
Special Revenue Funds					
Parks & Public Works	1.00	1.00	1.00	1.00	1.00
Total Special Revenue Fund Staff	1.00	1.00	1.00	1.00	1.00
Internal Service Funds					
Town Attorney*	0.71	-	-	-	-
Administrative Services*	3.95	-	-	-	-
Parks & Public Works*	4.10	-	-	-	-
Total Internal Services Funds Staff	8.76	-	-	-	-
Successor Agency to the Los Gatos RDA					
Administrative Services	0.01	0.01	0.01	0.01	0.01
Total Redevelopment Agency Staff	0.01	0.01	0.01	0.01	0.01
Total Town FTEs	148.10	148.99	149.63	150.00	150.25

Full Time Equivalent (FTE)

**Personnel previously budgeted in Internal Service Funds are budgeted in General Fund Programs beginning in FY 2018/19.*

Administrative Services staffing numbers include the following programs: Town Manager's Office; Human Resources; Finance; Clerk Administration; and Information Technology Staffing

SUMMARY OF POSITIONS
BUDGETED FTEs BY DEPARTMENT



*Blue Bar – Town Staff
Purple Bar – Hourly Employees*

FY 2021/22
Budgeted FTEs by Department
(Includes Converted Hourly Employees)

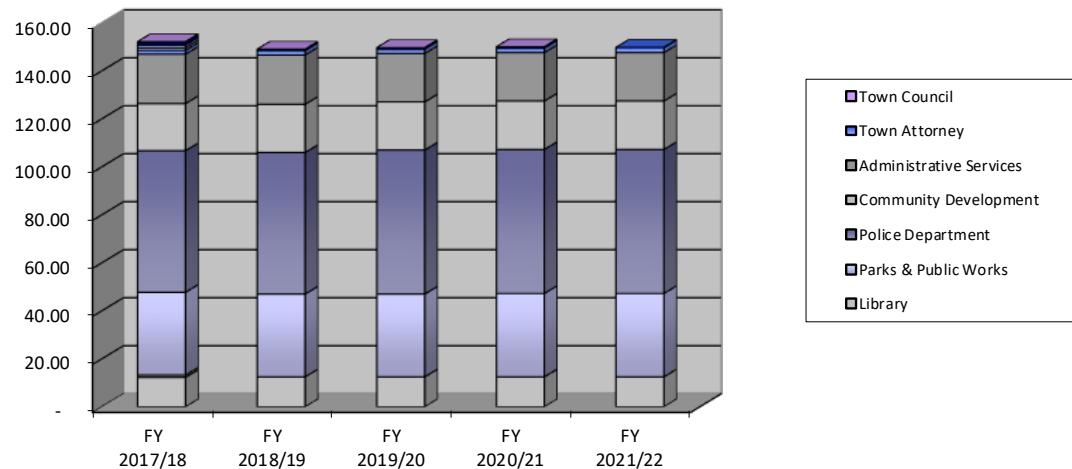
Departments	Authorized/ Funded Town Staff Positions	Hourly Emp Staff converted to FTEs	Total Budgeted Positions
Town Council	0.50	-	0.50
Town Attorney	2.13	-	2.13
Administrative Services	20.18	1.94	22.12
Community Development	20.20	0.85	21.05
Police Department	60.00	1.38	61.38
Parks & Public Works	34.75	2.86	37.61
Library	12.50	4.06	16.56
Total Positions	150.25	11.09	161.34

Administrative Services staffing numbers include the following six programs: Town Manager's Office; Human Resources; Finance; Clerk Administration; and Information Technology Staffing

Hourly employee positions result from seasonal, temporary, and part-time labor needs.

SUMMARY OF POSITIONS FUNDED FTEs BY DEPARTMENT

Five Year Staffing Trend



Five Year Staffing Trend

Departments	2017/18 Funded	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/22 Proposed
Town Council	0.50	0.50	0.50	0.50	0.50
Town Attorney	1.63	1.88	1.88	1.88	2.13
Administrative Services	20.59	20.53	20.18	20.18	20.18
Community Development	19.63	20.08	20.08	20.20	20.20
Police Department	59.00	59.00	60.00	60.00	60.00
Parks & Public Works	34.50	34.50	34.50	34.75	34.75
Library	12.25	12.50	12.50	12.50	12.50
Total Budgeted FTEs	148.10	148.99	149.63	150.00	150.25

FTEs represent Town staff positions funded in annual budgets. Numbers do not include temporary hours or the filled or unfilled status of the positions.

SUMMARY OF PERSONNEL CHANGES

FY 2021/22

The Town's total budgeted personnel costs for FY 2021/22 increased to \$31.9 million (\$31.8 million in FY 2020/21) and accounts for 51.0 % of the total Town's expenditures. Rising healthcare and pension rates have increased labor costs; however, reduction strategies, structural reorganization, and realignments have helped to mitigate growing personnel expenditures. However, even with these measures and the Town reducing its full-time employees by 16.7% to 150 FTE employees since 2001, pension and OPEB benefits have increased 20.4% in the past 5 years alone. The following discussion describes some of the staffing expenditures, savings, and budget impacts.

Employee Compensation

Personnel costs represent salaries of full-time and part-time personnel (including vacation, holiday, and sick leave compensation) and benefits, such as, health coverage, life and disability insurance, and retirement contributions. For represented positions, annual salary increases and benefit adjustments are negotiated under each bargaining unit's Memorandum of Understanding (MOU's). Salary increases and benefit adjustments for unrepresented positions are determined under the Council's authority and are not subject to bargaining.

Memoranda of Understanding (MOUs)

All bargaining unit, confidential, and management employees received an across the board salary increase of 2.5% plus non-sworn, confidential, and management employees received a 1.5% base salary one-time payment (non-PERSable) during FY 2018/19. A 3% across the board salary increase was effective in FY 2019/20 for non-sworn, confidential, and management and a 4% across the board salary increase was effective for sworn employees. During the final year of the bargaining unit agreements, all bargaining unit, confidential and management employees received a 1% across the board salary increase plus a 2% base salary one-time payment (non-PERSable) bonus. Employees classified as temporary received a 1% across the board salary increase. . It should be noted that since 2000, the Town's bargaining groups have received salary increases of 51.50% (AFSME), 56.00% (TEA), 56.00% (Confidential), 61.25% (POA), 46.00% (Management), respectively. This compares to inflation in the San Francisco Statistical Area of 66.84% over the same time period.

All bargaining unit agreements expire in 2021 and meetings to re-negotiate the agreements are in process.

Benefits

The Town contracts for medical coverage through CalPERS and rates are adjusted each January for the calendar year. Kaiser serves as the benchmark medical plan to determine the Town contribution toward all medical plan premiums. In the recent past, Kaiser rates have fluctuated and increased by as much as 11% in one year, simultaneously increasing the Town contribution. In 2021, Kaiser rates increased 6% from the prior year. As evidenced by this fluctuation, national health care costs continue to an area of concern and potential expense volatility. Employees contribute to the cost of medical premiums when enrolled in the majority of CalPERS plans.

Dental, vision and life insurance rates are expected to remain relatively stable as well as short and long-term disability insurance rates. During negotiations in FY 2018/19, the Town's discretionary retiree medical benefit contribution was eliminated for all future hires. It is important to note that changes in benefit coverage are generally subject to negotiations with affected employee groups.

Pension Plan

The Town's pension plans over the past several decades, like all other CalPERS participants, have experienced unfavorable investment returns, changes in actuarial assumptions, and unfavorable demographic shifts which have outweighed any positive plan experiences. As such, the Town's employer pension contributions are expected to continue to increase.

In order to help mitigate these negative plan experiences in FY 2012/13, CalPERS established a three-tier pension plan for non-sworn participants, changing the pension formula from 2.5% at 55 to 2% at 60 for new hires after September 15, 2012 or 2% at 62 for "new" employees hired after January 1, 2013 who have not previously worked

SUMMARY OF PERSONNEL CHANGES FY 2021/22

in a public pension system. Similarly, in FY 2012/13 the State implemented a new tier for safety employees, changing the pension formula for “new” employees from 3% at 50 to 2.7% at 57, effective January 1, 2013. While these changes do not provide immediate cost savings, it is anticipated to significantly reduce future salary and benefit expenditures in the future.

In December 2016 the CalPERS Board announced a plan to lower its discount rate from its current rate of 7.5%. The phase-in of the discount rate change approved by the Board effective beginning FY 2018/19 is as follows:

Valuation Date	Fiscal Year for Required Contribution	Discount Rate
June 30, 2016	FY 2018/19	7.375%
June 30, 2017	FY 2019/20	7.25%
June 30, 2018	FY 2020/21	7.00%

The immediate effect of this change is the actuarial valuation report being prepared for June 30, 2016 by CalPERS which sets the employer contribution rate for FY 2018/19 at a lower discount rate of 7.375%. This action will in turn lead to increased actuarial accrued liabilities because with lower expected returns there are lower projected assets to meet the expected pension obligations. Town staff had already anticipated increases in employer contributions in its Five-Year Financial Plan, and the rates in years three through five of the plan increased due to the lowering of the discount rate. The CalPERS Board had previously adopted recommendations to modify both the smoothing and amortization policies and implement these changes going forward with an impact to employer rates which began in FY 2015/16. As a result of this change, the smoothing period changed from a 15-year rolling period to a five-year direct smoothing rate. The amortization period changed from a 30-year rolling period to a 30-year fixed rate. The cumulative effect of these changes requires the Town to pay significantly more into the system.

Pension reform continues to be an important topic in regard to cost containment and staff is monitoring a number of state-wide initiatives that may impact future pension costs. In addition to the potential for State mandated reforms the Town has been proactive in implementing pension/OPEB cost mitigation strategies. To address the escalation in pension costs, current and previous Councils have allocated additional discretionary pension funding totaling \$10,400,000 million. These additional discretionary payments will ultimately yield an approximate \$12,700,000 in pension contribution savings. In addition to the management of the Town’s pension obligations, prior Councils have worked to curb cost escalation in Other Post-Employment Benefits (OPEB). In 2009, the Town initiated prefunding of the retiree healthcare benefit and has since established approximately \$23.5 million in OPEB assets from zero in 2009.

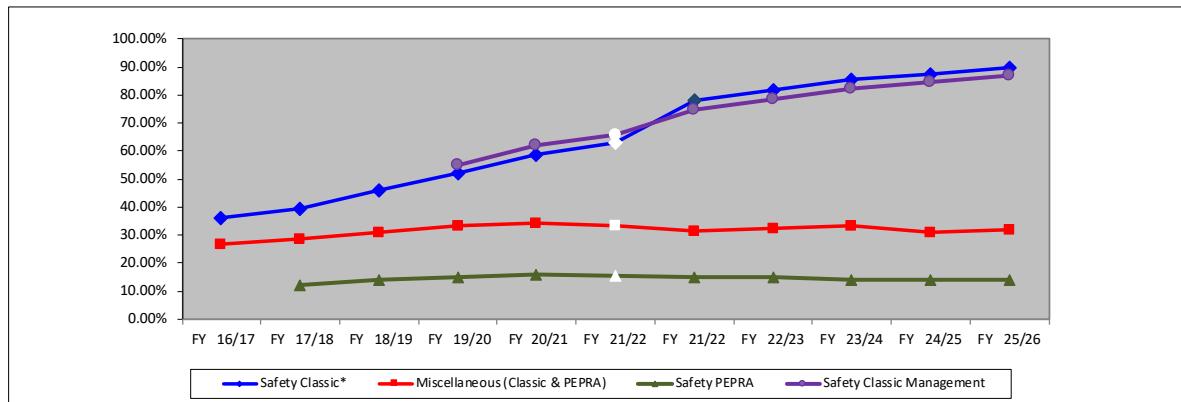
The Town and its bargaining groups have also worked to contain benefit costs. The Town closed the CalPERS retiree Tier 1 benefit for non-safety employees and created a new Tier 2 for non-safety new employees in 2012, implemented the Public Employees’ Pension Reform Act (PEPRA) for all new non-classic employees starting in 2013, and participates in the CalPERS discounted prepayment option. In 2016, the Town’s bargaining groups approved the introduction of dependent cost sharing and a reimbursement cap to Medicare eligible employees, and in 2018 the elimination of the Town’s existing retiree healthcare benefit prospectively.

While these collective measures have helped to slow the growth in salary and benefit expenses, the Forecast anticipates continued increases. In FY 2020/21 the Town’s miscellaneous employee rate is projected to increase to 34.23%; the safety rate is projected to increase to 58.98%; and the PEPRA safety rate is projected to be 15.95%.

The Current estimates indicate that these changes would result in the Town increasing from the FY 2021/22 rate of 62.94% to 89.78% in FY 2025/26 of pay rate for safety employees and from the FY 2021/22 rate of 33.54% to approximately 31.94% in FY 2025/26.

SUMMARY OF PERSONNEL CHANGES FY 2021/22

The following schedule reflects the Town's actual CalPERS pension rate for FY 2021/22 and the expected rates for the following fiscal years based on the Town's five-year forecast model which was updated using a CalPERS provided tool in January 2020 that provided a calculation method to estimate rate impacts of the current market earnings.



PERS Pension Plan	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26
Safety Classic*	36.18%	39.36%	46.09%	52.22%	58.98%	62.94%	77.89%	81.61%	85.33%	87.62%	89.78%
Safety Classic Management				55.22%	61.98%	65.94%	74.89%	78.61%	82.33%	84.63%	86.78%
Safety PEPRA		12.25%	13.96%	15.02%	15.95%	15.74%	15.07%	15.07%	14.03%	14.05%	14.05%
Miscellaneous (Classic & PEPRA)	26.96%	28.90%	30.87%	33.18%	34.23%	33.54%	31.37%	32.29%	33.31%	31.25%	31.94%

* Safety Classic Rate reflects 3% decrease in employer's contribution rate to reflect 3% contribution as negotiated with the Town's POA during the collective bargaining process effective FY 2019/20.

Management Strategies

In light of limited available resources and uncertain economic trends in revenues sources such as Sales Tax, TOT limited staffing changes and one-time additions have been included in the FY 2021/22 budget. Departments continuously evaluate staffing structures, anticipate succession needs, and modify staffing to improve efficiencies, align with service delivery demands, and meet other Town goals. In this budget, a couple of Departments have included cost neutral restructuring.

Overtime

Overtime expenditures continue to be assessed and adjusted when appropriate. While unpredictable or non-controllable events will impact the Town's limited public safety and public works maintenance resources, continued adjustments to schedules and workload have been successful in reducing budgeted overtime. Although some non-critical Town services have experienced moderate service level reductions, scheduling restrictions have not seriously impacted routine operations. Total overtime cost grew from \$373,000 in FY 2015/16 to \$697,000 in FY 2019/20.

Staffing Changes

The FY 2021/22 Operating Budget has 161.3 budgeted FTEs, including temporary staff. This reflects an increase of 0.3 of FTEs compared to the prior year. The recommended FY 2021/22 staffing levels also reflect the following changes from the prior year's adopted budget:

- **Administrative Services and Town Offices** - The FY 2021/22 budget reflects the continuation of a limited dated part time position to assist with the Town's emergency preparedness activities and regional emergency management engagement. The FY 2021/22 budget also includes one-time temporary hours to help with special projects in Human Resources Department and Information Technology Program. Administration Services also includes a reclassification of Temporary Intern hours to Temporary Office Assistant hours. The Town Attorney Department includes a reclassification of a Deputy Town Attorney position to a Legal Administrative Assistant position.

SUMMARY OF PERSONNEL CHANGES FY 2021/22

- *Community Development Department (CDD)* –The FY 2020/21 budget includes the part-time Code Compliance Officer position which will be continued for another year in FY 2021/22 with one-time funding. The budget also reflects 195 hours deletion in Temporary Associate Planner hours.
- *Police* – The FY 2021/22 budget contains one-time requests for Temporary Parking and Project Managers to assist with the review and the implementation of the Comprehensive Parking. The FY 2021/22 budget also includes deletion of 970 temporary hours.
- *Parks and Public Works (PPW)* – The FY 2021/22 budget includes a reclassification of a 1 FTE Associate Civil Engineering position to a 1 FTE Senior Civil Engineering position, a reclassification of a 1 FTE Equipment Mechanic position to a 1 FTE Supervising Equipment Mechanic position and 256 Temporary Traffic Engineering hours.

In addition to direct personnel expenditures, Departments are charged for internal support services and employee insurance costs through payroll allocation charges. Appropriate charge-back rates are established based on either employee group historical costs or through a flat surcharge per employee. Annual reviews of all funds may result in adjustments to the rates as needed.

Liability Insurance

Self-Insurance Fund rates (liability claim insurance premiums) for FY 2021/22 remain relatively consistent with prior year rates. The Self-Insurance Fund Balance is declining as a result of adverse claims against the Town over the last several years. Staff will closely monitor and recommend a budget strategy to be incorporated into the FY 2021/22 proposed budget.

Workers' Compensation

The Workers' Compensation fund balance is declining as a result of several new injuries that kept employees out of work for extensive periods of time along with the cost of related medical procedures and continuing medical expenses associated with past employee claims. The FY 2021/22 Workers' Compensation rates remain at the prior year level. Staff will closely monitor and recommend a budget strategy as needed.

Information Technology

The Information Technology (IT) program is funded through charge-back to the Departments. The charge is based on the Department's computer and printer equipment, established to fund the replacement cost of current technology equipment.

TOWN STAFF
POSITIONS BY HOME DEPARTMENT

	2017/18 Funded	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/22 Proposed	Comments
TOWN ATTORNEY'S OFFICE						
Town Attorney	1.00	1.00	1.00	1.00	1.00	
Deputy Town Attorney	0.63	0.75	0.75	0.75	-	<i>CY delete .75 FTE</i>
Legal Administrative Assistant	-	-	-	-	1.00	<i>CY add 1.0 FTE</i>
TOTAL DEPARTMENT FTEs	1.63	1.75	1.75	1.75	2.00	
TOWN MANAGER'S OFFICE						
Town Manager	1.00	1.00	1.00	1.00	1.00	
Assistant Town Manager	1.00	1.00	1.00	1.00	1.00	
Assistant to Town Manager	-	-	-	-	-	
Administrative Analyst	1.00	1.00	1.00	1.00	1.00	
Executive Asst. to Town Mgr.	1.00	1.00	1.00	1.00	1.00	
Economic Vitality Manager	0.75	0.75	0.75	0.75	0.75	
Economic Vitality Coordinator						
Events & Marketing Specialist	0.50	0.50	0.50	0.50	0.50	
TOTAL DEPARTMENT FTEs	5.25	5.25	5.25	5.25	5.25	
HUMAN RESOURCES						
Human Resources Director	1.00	1.00	1.00	1.00	1.00	
Administrative Analyst	1.50	1.00	1.00	1.00	1.00	
Human Resources Technician	1.00	1.00	1.00	1.00	1.00	
TOTAL DEPARTMENT FTEs	3.50	3.00	3.00	3.00	3.00	
FINANCE SERVICES						
Finance Director	1.00	1.00	1.00	1.00	1.00	
Finance & Budget Manager	1.00	1.00	1.00	1.00	1.00	
Accountant/Finance Analyst	1.00	1.00	2.00	2.00	2.00	
Payroll Technician	1.00	1.00	1.00	-	-	
Administrative Analyst	2.00	2.00	2.00	3.00	3.00	
Account Technician	0.35	0.35	-	-	-	
TOTAL DEPARTMENT FTEs	6.35	6.35	7.00	7.00	7.00	
CLERK ADMINISTRATION						
Clerk Administrator	1.00	1.00	-	-	-	
Town Clerk	-	-	1.00	1.00	1.00	
Deputy Town Clerk	-	-	1.00	1.00	1.00	
Administrative Assistant	-	-	1.00	1.00	1.00	
Office Assistant	2.00	2.00	-	-	-	
TOTAL DEPARTMENT FTEs	3.00	3.00	3.00	3.00	3.00	
INFORMATION TECHNOLOGY SERVICES						
IT Manager	1.00	1.00	1.00	1.00	1.00	
Network Administrator	1.00	1.00	-	-	-	
IT Analyst	-	1.00	-	-	-	
IT Systems Administrator	-	-	1.00	1.00	1.00	
IT Technician	1.00	1.00	1.00	1.00	1.00	
TOTAL DEPARTMENT FTEs	3.00	4.00	3.00	3.00	3.00	

TOWN STAFF
POSITIONS BY HOME DEPARTMENT

	2017/18 Funded	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/22 Proposed	Comments
COMMUNITY DEVELOPMENT						
Community Development Dir.	1.00	1.00	1.00	1.00	1.00	
Planning Manager	1.00	1.00	1.00	1.00	1.00	
Chief Building Official	1.00	1.00	1.00	1.00	1.00	
Administrative Analyst	1.00	1.00	1.00	1.00	1.00	
Executive Assistant	1.00	1.00	1.00	1.00	1.00	
Administrative Assistant	1.00	1.00	1.00	1.00	1.00	
Senior Planner	2.00	2.00	2.00	2.00	2.00	
Associate Planner	2.63	2.63	2.63	2.75	2.75	
Assistant Planner	1.00	1.00	1.00	1.00	1.00	
Planning Technician	1.00	1.00	1.00	1.00	1.00	
Senior Building Inspector	-	1.00	1.00	1.00	1.00	
Building Inspector	4.00	3.00	3.00	3.00	3.00	
Permit Technician	2.00	2.00	2.00	2.00	2.00	
Code Compliance Officer	1.00	1.00	1.00	1.00	1.00	
TOTAL DEPARTMENT FTEs	19.63	19.63	19.63	19.75	19.75	
POLICE						
Chief of Police	1.00	1.00	1.00	1.00	1.00	
Police Captain	1.00	2.00	2.00	2.00	2.00	
Police Lieutenant	2.00	-	-	-	-	
Police Sergeant	6.00	7.00	7.00	7.00	7.00	
Police Corporal	4.00	4.00	4.00	4.00	4.00	
Police Officer	25.00	25.00	25.00	25.00	25.00	
Community Outreach Coordinator	1.00	1.00	1.00	1.00	1.00	
Community Services Officer	1.00	1.00	1.00	1.00	1.00	
Police Records and Communication Mgr	-	-	1.00	1.00	1.00	
Police Records Manager	1.00	1.00	-	-	-	
Senior Administrative Analyst	-	1.00	1.00	1.00	1.00	
Administrative Analyst	1.00	-	-	1.00	1.00	
Executive Assistant to Chief	1.00	1.00	1.00	1.00	1.00	
Communications Dispatcher Lead	1.00	1.00	1.00	1.00	1.00	
Communications Dispatcher	7.00	7.00	7.00	7.00	7.00	
Senior Parking Control Officer				1.00	1.00	
Parking Control Officer	2.00	2.00	2.00	1.00	1.00	
Police Records Specialist	4.00	4.00	4.00	4.00	4.00	
Human Resources Specialist	1.00	1.00	-	-	-	
Administrative Technician	-	-	1.00	-	-	
IT Systems Administrator	-	-	1.00	1.00	1.00	
TOTAL DEPARTMENT FTEs	59.00	59.00	60.00	60.00	60.00	

TOWN STAFF
POSITIONS BY HOME DEPARTMENT

	2017/18 Funded	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/22 Proposed	Comments
PARKS and PUBLIC WORKS DEPARTMENT						
Parks & Public Works Director	1.00	1.00	1.00	1.00	1.00	
Asst PPW Dir/Town Engineer	-	1.00	1.00	1.00	-	<i>CY delete 1.0 FTE</i>
Town Engineer	1.00	-	-	-	1.00	<i>CY add 1.0 FTE</i>
Superintendent	1.00	1.00	1.00	1.00	1.00	
Transportation & Mobility Mgr	1.00	1.00	1.00	1.00	1.00	
Park & Public Works Operations Mgr	2.00	2.00	2.00	2.00	2.00	
Senior Civil Engineer	1.00	1.00	1.00	1.00	2.00	<i>CY add 1.0 FTE</i>
Senior Administrative Analyst	-	1.00	1.00	1.00	1.00	
Administrative Analyst	1.00	-	-	-	-	
Executive Assistant	1.00	1.00	1.00	1.00	1.00	
Administrative Assistant	2.00	2.50	2.50	2.75	2.75	
Office Assistant	0.50	-	-	-	-	
Environmental Programs Specialist	1.00	1.00	1.00	1.00	1.00	
Associate Engineer	2.00	2.00	2.00	2.00	1.00	<i>CY delete 1.0 FTE</i>
Assistant Engineer	1.00	2.00	2.00	2.00	2.00	
Construction Project Mgr	1.00	1.00	1.00	1.00	1.00	
Senior Engineering Technician	-	-	-	1.00	1.00	
Engineering Technician	1.00	1.00	1.00	-	-	
Sr Public Works Inspector	1.00	1.00	1.00	1.00	1.00	
Public Works Inspector	1.00	-	-	-	-	
Parks Service Officer	1.00	1.00	1.00	1.00	1.00	
Town Arborist	1.00	1.00	1.00	1.00	1.00	
Tree Trimmer/High Climber	1.00	1.00	-	-	-	
Lead Parks & Maint. Worker	3.00	3.00	3.00	3.00	3.00	
Parks & Maintenance Worker	8.00	8.00	9.00	9.00	9.00	
Supervising Equipment Mechanic	-	-	-	-	1.00	<i>CY add 1.0 FTE</i>
Equipment Mechanic	1.00	1.00	1.00	1.00	-	<i>CY delete 1.0 FTE</i>
TOTAL DEPARTMENT FTEs	34.50	34.50	34.50	34.75	34.75	
LIBRARY						
Library Director	1.00	1.00	1.00	1.00	1.00	
Division Manager	2.00	2.00	2.00	2.00	2.00	
Librarian	3.00	3.00	3.00	3.00	3.00	
Library Technology Specialist	1.00	2.00	2.00	2.00	2.00	
Library Assistant	1.00	-	-	-	-	
Library Specialist	0.75	1.75	1.75	1.75	1.75	
Customer Service Supervisor	1.00	-	-	-	-	
Customer Service Specialist	1.50	1.75	1.75	1.75	1.75	
Sr Library Page	1.00	1.00	1.00	1.00	1.00	
TOTAL DEPARTMENT FTEs	12.25	12.50	12.50	12.50	12.50	
TOTAL TOWN FTEs	148.10	148.97	149.63	150.00	150.25	

TOWN STAFF
POSITIONS BY HOME DEPARTMENT

ELECTED OFFICIALS					
	2017/18	2018/19	2019/20	2020/21	2021/22
	Funded	Funded	Funded	Funded	Proposed
Town Council	5.00	5.00	5.00	5.00	5.00
TOTAL ELECTED OFFICIALS	5.00	5.00	5.00	5.00	5.00

HOURLY EMPLOYEES					
	2017/18	2018/19	2019/20	2020/21	2021/22
	Funded	Funded	Funded	Funded	Proposed
<i>Temporary Hours by Department</i>					
Town Council	175	175	175	175	-
Administrative Services	2,196	1,376	2,350	2,350	4,030
Community Development	1,305	1,695	1,695	1,955	1,760
Police Department	5,502	3,035	3,035	4,350	2,880
Parks & Public Works	6,637	5,661	5,661	5,661	5,917
Library Department	9,796	9,294	9,294	8,450	8,450
<i>Total Temporary Hours by Department</i>	25,611	21,236	22,210	22,941	23,037
CONVERTED HOURLY EMPLOYEES	12.31	10.21	10.68	11.03	11.09
					<i>(1.00 FTE = 2080 hours)</i>

